The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Chengtu Serves as Smoke-Screen for Developments in North

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Large Group of American Students Enter Lingnan University at Canton . . . . . By R. G. Gilmore

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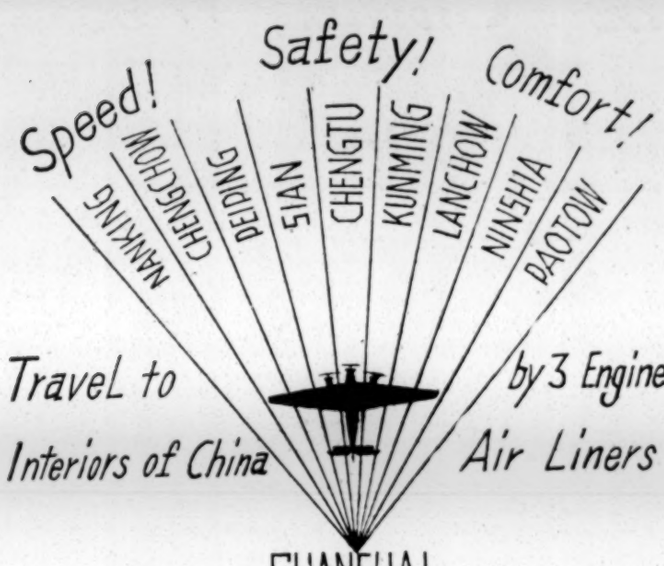

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YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, TWELVE DOLLARS (CHINESE CURRENCY) IN ADVANCE, POSTAGE INCLUDED IN CHINA AND JAPAN. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U.S. CURRENCY. REMITTANCES FROM OTHER COUNTRIES THAN CHINA AND THE U.S. CAN BE MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917.

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COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA, TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

JAPAN WOULD USE FORMOSAN WILD MEN TO BEAT U.S. NEGROES

THE Japanese with their customary energy have already started preparations for the 1940 Olympics, in fact they are devoting so much attention to the subject that one suspects political and economic motives. A foreigner who participated in some of the preliminary discussions ventured the opinion that if Japan is able to avoid a foreign war or domestic revolution before 1940 that the Olympics would be 95 percent tourist show and 5 percent athletics.

One of the Tokyo newspapers confirmed this viewpoint in an ironical discussion of preliminary arrangements, stating that real estate prices had already begun to soar in the vicinity of Meiji Shrine Outer Garden in prospect of great profits from eating and drinking establishments to be erected in the vicinity.

But what about the camera problem? Will the Tokyo police put all visitors in jail who photograph military secrets? It was suggested that this presented a more important problem than that of limiting the size and shape of neon signs or eliminating the maze of electric light and telephone wires from the Ginza. Also, there are the twin problems of Tokyo's well known odors and the moral issue. As to the odors, residents of the Japanese capital are aware, too well aware in fact, that most of Tokyo despite its seeming modernity is entirely without modern sewage facilities, which lack makes it necessary to operate a highly odorous cartage system about the city at night. Something ought to be done about this, obviously. Then there is the moral issue. Thousands of foreign athletes will visit Japan and Japanese school girls are likely to approach them for their autographs and in consequence might have their morals corrupted. At least the police have expressed apprehension on the matter. One well known Japanese writer said it would be better if the police didn't try to interfere with the hobbies of Japanese maidens—in fact it might be better for all concerned if the fathers of said girls would

watch their own morals a little closer and refrain from visiting the Yoshiwara or keeping concubines. Fathers guilty of such practices had no right to cast suspicion on young girls approaching athletes for autographs.

Then there is the matter of dancing—is it to be banned also—and how about taking the foreign visitors on a tour of the Yoshiwara? And what about music? The Germans made a big feature of classical music, particularly at the opening ceremony, but what kind of music can Japan permit at the Meiji Shrine Stadium? The conservatives demand that everything, including the music must be "native," hence the thousands of foreign visitors may be presented with the interesting spectacle of geishas playing their samisens and singing nagauta music, obviously somewhat difficult to march to in a parade!

Finally, there is the problem of Japan's actual participation in the games. Obviously, if Japan puts all the money into the 1940 Olympics which her spokesmen claim they intend to do, they must come out victors, even over the Americans who captured the lion's share of points despite the German invention of some unexpected competitions. A Japanese writer, discussing this point, declared that it was well to remember that the Americans didn't win the championship—it was the Negroes who won it for the Americans! Therefore, there is only one thing for Imperial Japan to do: Mobilize the strongest Formosan aborigines—wildmen and headhunters—known for their ferocity and sturdiness and ability to run barefooted for miles over the rocky sides of mountains. Why not round up some of the wildest and most ferocious and give them six-months' training prior to the opening of the 1940 Olympics? "We are sure," concluded the Japanese writer, "that there are many Owens and Metcalfs (American negro champions) to be found among the Formosan head-hunters."

***

As a sort of Olympian aftermath comes the reports from Seoul, Korea stating that Gen. Jiro Minami, the new hard-boiled military governor of Japan's Korean colony, had ordered the indefinite suppression of the leading Korean newspaper known as *Toa Nippo*. The paper, published in the native language, had been suppressed before but never was the offence so great as the recent case. Gen. Minami charged that the paper "played up" the accomplishment of the Korean athlete Son, who won the Olympic marathon, while at the same time giving limited space to the victories of the Japanese team. It was charged further that the Korean paper printed a large picture of the Korean athlete with the insignia of Japan on his breast "deliberately erased." General Minami declared that the Korean paper had for a long time "deliberately opposed the policy of the Governor-General and had stirred up hatred among the Koreans for Imperial Japan."

UNEXPECTED FRANKNESS OF S. M. R. PUBLICITY DEPARTMENT

EARLY in July the puppet Manchukuo administration at Hsinking, instigated by the Kwantung branch of the Imperial Japanese Army, issued an edict partially abolishing exterritoriality. The big Japanese companies did not favor the action, but had to comply because the Army wanted it—for several reasons, but chiefly because it greatly increased the Army's power as the director of the destiny of the new state. Under exterritoriality the Japanese residents and companies were subject to the orders of the Japanese consuls stationed in all Manchukuo towns. After the abolition of exterritoriality the Japanese consuls lost their power which was taken over by the so-called Manchukuo magistrates or police officials, practically all of whom are Japanese army men or reservists, or, in the event the magistrate is a Manchukuoan (Chinese) he is powerless to act without the approval of a Japanese adviser who is nominated by the Army authorities. This set-up is what the Japanese call their "iron-framework" in Manchukuo, hence the abolition of consular judicial and police power greatly increased the authority and prestige of the Kwantung army as the real administrator of China's former northeastern provinces and their population of some 35,000,000 people.

But to get on with the story, the director of the publicity department of the South Manchuria Railway at Dairen apparently considered it advisable to investigate the possible effect of the abolition of exterritoriality upon foreign firms, that is, non-Japanese. To quote from his "confidential" report which is mailed to newspaper editors, correspondents and friends of Japan generally over the world, the abolition of exterritoriality by Manchukuo was not expected to adversely affect foreign, that is, occidental business concerns because,—we quote the exact words of the S. M. R. bulletin dated July 25:

> "Some of the foreign consul-generals informed me that as far as foreign business is concerned in Mukden, very little or no trouble is expected, as quite a number of foreign companies had either withdrawn from Manchukuo, such as the oil companies; or foreign companies had in most cases placed their businesses in the hands of Japanese agencies, such as the Ford automobile company and International Harvester company. I should like to add that prior to the establishment of the Manchukuo Government, two large private Japanese concerns, the Mitsui and Mitsubshi companies, were and are still agents for a number of foreign manufacturing companies not only for sales in Japan Proper, but also for sales in Manchckuo.
>
> With regard to present foreign investments in Manchukuo I was informed that there are practically none.

The investments made by the various foreign oil companies in Manchuria before they withdrew, are said to have been fairly large, though it is a fact that these investments were only a drop in the bucket when compared to the huge Japanese investments made in Manchuria before September 18th, 1931. Negotiations are still proceeding, I understand between the various foreign oil companies and the Manchukuo Government to decide on the value of these investments, which Manchukuo will purchase from the oil companies.

"Regarding the jurisdiction of foreigners, other than Japanese, the Foreign Consulate authorities refused to make any comment other than the remark: "Let's wait and see what happens."

"I saw several foreign business men of different nationalities in Mukden and asked them if they feared that their businesses and residential taxes would be raised when extra-territoriality would be partially or wholy abolished by the Manchukuo Government. The usual answer was something to the effect that, "if the Manchukuo Government seees fit to raise the taxes on anything and the Japanese people make no complaint, then we shall also pay and make no complaint. As long as there is a fair play and no discrimination is made between Westerners and Japanese, foreigner will be satisfied."

"The business men did not fear that the Manchukuo Government would discriminate between Westerners and Japanese."

Significant Elements Involved in Chengtu Affair

THAT the Chengtu incidents involving the killing of two Japanese newspapermen and wounding of two Japanese merchants by a Chinese mob have had important repercussions in both North and South China is apparent to all who have followed recent developments. The incidents had their origin in an attempt of the Japanese to force the Chinese authorities to agree to the opening of a regular consulate in Chengtu, capital of Szechuen, in place of the consular agency attached to the Chungking consulate, which had been closed in 1931 following the Japanese seizure of Mukden. Since newspapermen are expected to venture into dangerous areas in search of news, governments are not accustomed to regard the killing of journalists as a cause of war. The Chengtu mob attacks on the Japanese, while deplorable, were not of sufficient consequence to justify the demands which the Japanese Government allegedly has handed to Nanking.

A full list of the demands, as quoted in a *Reuter* dispatch from Tokyo, appears elsewhere in this issue. Should China agree to them in full it would amount to acceptance of Premier Hirota's so-called "Three Point Program," and that would be the finish of China as an independent or even semi-independent nation. Aside from other considerations, particularly in North China, the Japanese are interested primarily in compelling Nanking to agree to the opening of a regular consulate in Chengtu and also, allegedly, in a number of other points in China's western and northwestern provinces. The newspapers in Canton which are in closer touch with Szechuen developments than is the case at Shanghai, have reported that the two Japanese gunboats now stationed at Chungking have landed a considerable number of blue-jackets who are patrolling districts adjacent to the river. The Canton papers also reported (Wednesday, Sept. 9) that the Japanese not only plan to force agreement to the opening of a regular consulate but also plan to open what they call a "special military organ," similar to what has been done in Tsinan, Shantung; Taiyuan, Shansi; Kalgan and Changpei in Chahar; Kweihwa and Paotow in Suiyuan and numerous other points in Inner-Mongolia. These "special organs" are staffed by resident military officers and their assistants who engage in all kinds of spying, propaganda and political intrigue. In North China Japanese military planes visit these various "special organs" on regular schedule, carrying confidential dispatches which the Japanese warlords, for obvious reasons, would not trust in the regular mails.

There are many reasons why the Japanese are determined to establish a strong base in Chengtu, but at the top of the list is the fact that the Szechuen capital has recently become unusually important due to the decision of the Chinese authorities to link up that inland city by rail with Chungking at the head of navigation on the Upper Yangtsze. And Chungking, in turn, is to be connected with the new railway system which the National Government is developing in Hunan and other southern provinces, utilizing British and French capital. Aside from the economic elements, Changtu also is an important "listening post" for observing the currents of Central Asian politics. As Szechuen always has been regarded as being within the so-called British "sphere," in the Yangtsze valley and also from the Tibetan side, the Japanese are determined to protrude their "pigs snouts" into that zone as they have done in the North. Finally, and this might turn out to be the most important reason of all, is the fact that certain high officials of the National Government have frequently announced their determination to establish a military base in Szechuen which could be used for defense purposes in "preserving the last vestiges of the Chinese race against Japanese aggression." There have been frequent reports of Nanking's alleged establishment of arsenals and munition bases in that area and recently the Japanese charged Chiang Kia-shek was building heavy fortifications in the vicinity of Ichang at the entrance to the Yangtsze gorges, the object being to prevent any hostile foreign warcraft from proceeding beyond Hankow.

While Yakichiro Suma, Japanese Consul-General in Nanking, inaugurated formal negotia-

tions with Gen. Chang Chun, Foreign Minister on Tuesday of this week no report was available as these paragraphs were written as to the nature of the discussions. A report through the official *Central News* said that Suma had discussed the matter of adopting a formal program designed to improve Sino-Japanese relations but no indication was given as to the nature of the scheme.

Greatest interest was attached to the reports which Japanese correspondents stationed in Nanking cabled their papers in Tokyo. The correspondent for the *Asahi-Shimbun* in a report dated at Nanking on Sept. 1 alleged that Foreign Minister Chang Chun "made an important expression of will hinting at China's consent to Japan's 're-opening' of the Consulate-General at Chengtu . . . it is also understood that negotiations are in progress about this matter between Consul-General Suma and Assistant Foreign Minister Hsu Mo at Nanking . . . the fact that China has hinted her consent to re-open the Chengtu consulate of her own free will can be regarded as progress in the attitude of the Nanking Government . . . therefore the future moves of Nanking will merit close attention . . . in the meantime the Japanese Naval authorities have ordered the Third Fleet, charged with the duty of guarding the Yangtsze, to mark time pending settlement of the Chengtu incidents."

Major-General Rensuke Isogai, director of the Military Affairs Bureau of the War Office, declared that if China possessed any real sincerity, she would show it by disbanding the Kuomintang Party which always had been concerned directly or indirectly with incidents similar to the Chengtu developments. The General declared, "The Japanese Army feels that should Nanking be unable to dissolve the Kuomintang Party, that the National Government should be compelled to hand the Japanese Government a document granting Japan permission to use armed forces in the settlement of all issues and incidents caused in future by the activities of the Kuomintang." According to the reports in the Japanese newspapers the Army's motive in taking such a strong attitude was to force the Foreign office to adopt a stronger line than had previously been the case. One of the papers in further comment declared that as circumstances might not make it possible for Nanking to disband the Kuomintang, the Japanese authorities should compel the Chinese to assume responsibility for any anti-Japanese incidents in future and not try to place the blame on the Kuomintang, the Blue Shirts, Communists or other anti-Japanese elements.

Aside from developments connected directly with the Chengtu incidents, the most significant happenings have been in the North where the Japanese military authorities have taken several long steps towards the accomplishment of their original program of cutting off that section from Nanking's control. Of most importance was the inauguration of the so-called "consumption tax," designed to circumvent Nanking's efforts to block Japanese smuggling. What apparently has happened is that Nanking's anti-smuggling measures have been so successful that some $30,000,000 worth of Japanese merchandise has accumulated in the warehouses within the Japanese concession at Tientsin resulting in heavy losses for the Japanese firms which smuggled the goods into China by way of the East Hopei zone. In order to move this vast amount of smuggled materials into the normal channels of trade the Japanese military and diplomatic officials have brought pressure on the Hopei-Chahar Council and forced that puppet political organ to establish a new tax office, equivalent to a separate customs administration which will charge fees amounting to about one-eighth of the regular duties assessed on imported merchandise by the Maritime Customs administered from Nanking. Wang Hung-en, appointed by the Hopei-Chahar Council to administer the new tax, whose office carries the imposing title, "Consumption Tax Inspectorate-General," declared in the course of a statement issued on Sept. 7, that the action was necessary in order to liquidate the large accumulation of merchandise intended for transportation to the interior but detained in Tientsin due to Nanking's anti-smuggling measures. He declared further that the new arrangement was "temporary" and would be abandoned when the general problem of smuggling was solved. What will happen will be that Japanese merchandise will be brought into China in future through the East Hopei zone and after payment of the new tax, equivalent to one-eighth of the regular customs duties, it will be given the legal blessing of the Hope-Chahar Council which will not interfere with the further distribution of merchandise which will cease to be regarded as "smuggled" goods in territory controlled by the pupet administration. The regular Chinese Maritime Custom will continue to function at Tientsin and other northern ports but the staff will only be concerned with assessing duties on goods from Occidental countries as no Japanese merchandise will be imported through the regular trade channels. Occidental firms, in order to survive the competition, will be compelled to place their agencies in the hands of Japanese firms so as to be able to take advantage of the now legalized smuggling routes.

Aside from this development other indications of a strengthening of Japan's "iron-framework" in North China include the employment by the Hopei-Chahar Council of numerous Japanese advisers, chiefly military, and consisting of reactionary officers recently dismissed in Japan because of connection with the Tokyo rebellion of last

February. A further signficant development was the apparently definite appointment of Wang Ke-ming, former Anfuite as Chairman of the so-called Economic Committee of the Hopei-Chahar Political Committee. Wang Ke-ming, who is now 57 years of age had extensive experience in politics and finances in the old Peking regime, chiefly in the sphere of Sino-Japanese affairs. He owns his new appointment entirely to the Japanese and prior to assuming his post made a trip to Manchukuo where he conferred with officials of the South Manchuria Railway and the Kwantung Army. It is through him that the Japanese hope to establish their economic and financial control over the resources of North China. While the Japanese military authorities at present are trying to strengthen the influence of the Hopei-Chahar Political Council, headed by Gen. Sung Cheh-yuan, many foreigners in the North forecast the early amalgamation of the northern Chinese provinces with Manchukuo. Others believe that Japan is trying to build up the puppet administration in the North to a point where it might be recognized as a rival of Nanking or possibly the actual government of the country.

While the Japanese will exploit the Chengtu incident to the point of forcing China to agree to the opening of consulates in West China, Nippon's chief objectives at present are in the North where Ambassador Kawagoe and the Kwantung Army authorities are pushing their program of Sino-Japanese "economic cooperation."

Growing Sentiment in France to Abandon Embargo on Arms to Spain

ONE of the anomalous incidentals to the present civil war in Spain is that, speaking in general terms, the countries where the public sympathy is with the established Spanish government have agreed (orginally with the hope of preventing a spread of hostilities) not to send arms and ammunition to the Peninsula, while the countries which are known to be sympathetic to the Spanish Fascist rebel party are regularly sending war supplies to their friends. Now that the rebel party is making considerable gains, there is a growing sentiment in France that the embargo on sending arms to Spain should be abolished, seeing that the net result of the embargo policy has been to assist in the overthrow of the present Spanish Government, with which the present Blum government in France is in sympathy. The present indications are that in the near future all pretense at restricting the shipment of arms to Spain will be thrown aside, with the Leftist Spanish Government receiving its war supplies mainly from England, France and Soviet Russia, and the Spanish rebels receiving most of theirs from France and Germany. However, the arms manufacturers of all countries, barring the restrictions imposed by their own governments, are quite ready to sell their products to any country that is willing to pay for them.

There is no indication that the civil war in Spain will come to an end in any predictable near future. The struggle that is going on is merely a continuation of that which brought about the downfall of the Bourbon regime and the creation of the Spanish Republic several years ago. Unfortunately, in the settlement of the political problems the much more vital problem of alleviating the economic life of the Spanish masses was hardly touched. The net result has been that the great mass of people find themselves hardly any better off under the new regime than under the old. A comparison with the neighboring Republic of France will make the situation clear. France to-day is a country of small landlords, thanks to the thoroughness of the French Revolution and the levelling tendencies of the succeeding Napoleonic regime. Across the Pyrenees, despite the Revolution several years ago, Spain has continued to be a country of landlordism, with the Church as one of the greatest of landlords. The situation is such as to make the great mass of the Spanish populace desperate. They feel that the Revolution has been in vain, and now that they see a possibility that even the little that had been gained, may taken from them, and instead the Bourbon regime with its favoritism for the Church and the landed gentry again imposed upon them with even greater force than ever, they are conducting their defence with a savagery born of despair. Undoubtedly both sides are breaking the accepted rules of warfare daily. The news is probably exaggerated, just as it was concerning atrocities committed by the Germans during the world war, but back of the stories that the Government forces have crucified Catholic priests head downwards and the murdering of hostages as a reprisal for the bombing of cities there is undoubtedly a substratum of truth. Atrocities of just as cruel a nature are reportedly being committed by the rebel troops. Recent telegrams tell of dissension in the ranks of the Government forces, but, be it noted, this was not regarding aims, but regarding methods. Irun, the loyalist stronghold in the northeast of Spain, fell before the onslaughts of the rebels Sept. 4 after three days of desperate fighting. Towards the end the only defense of the loyalists was to start conflagrations. It was concerning this point that the Socialists and so-called anarachists at San Sebastian came to grips

to such an extent that they engaged in a small civil war of their own, with several casualties on both sides. San Sebastian, which is a beautiful watering place, is also being hard pressed by the rebels. The anarchists proposed to burn the town as part of the defense scheme. This was just a bit too much for the Socialists; hence the dispute between them and the anarchists.

One of the results of the civil war in Spain is that in the neighboring republic of Portugal a growing spirit of discontent has been engendered. The first signs of a revolt in the country, manifested themselves Lisbon, Sept. 7, as the crews of the battleship *Alfonso de Albuquerque* and the destroyer *Dao*, anchored on the Tagus River, revolted, seized control of the vessels and opened fire on the Almada Fort. The crews surrendered shortly afterwards when the fort opened a bombardment on the ships, scoring several direct hits and damaging both vessels. Government authorities insisted that the revolt was an isolated incident, asserting that the country was completely tranquil.

Other high lights in the European situation are that Germany is speeding up its armaments and that the harvests in Russia are reported to be a failure once more. The *Manchester Guardian* Sept. 5, stated that German armament-manufacturing firms have been instructed to speed up work on the construction of tanks and tractors, in order to deliver them six months earlier than originally planned. These instructions emanate, it was stated, from the "Heeres Waffenamt," that is, the armaments division of the German War Ministry. The Reich authorities have decided, it was further reported, to distribute three divisions of tank corps throughout the country, while concentrating their main strength on the west frontier, where a nucleus of eight new tank divisions will be located. Germany, meanwhile continues to press her claims for colonies. General Franz Von Epp, writing in the *Europaeische Rundschau*, stated in this connection:—"The seizure of German colonies was a grave injustice because in Article XI of the Congo Treaty, the signatory powers solemnly pledged themselves not to extend a European war to the colonies. Germany was not the one who violated the Congo Treaty. It was a British cruiser which on August 5, 1914, opened hostilities in German East Africa. The fifth of the Fourteen Wilson Points provided for arbitration on colonial questions. The point was violated by Article 119 of the Treaty of Versailles. The value of German colonies was not deducted from the sum of reparations Germany had to pay after the World War. Germany, therefore, considers herself fully entitled to claim restitution of her former colonial possessions."

The Eighth Congress of the Nationalist Socialist Party of Germany opened at Nuremberg Sept. 9. The Reichsfuehrer, Herr Hitler, was acclaimed with bells and banners as he entered the town. More than the equivalent of thirty million Chinese dollars is being spent by the German Government in transporting, housing and feeding the hundreds of thousands of delegates attending the Congress. "Fight the World's Public Enemy No. 1 the Bolshevist menace," is the keynote of the Congress. The delegates staged an anti-Bolshevist display. Posters depicting Russian "famine babies" were placarded everywhere, and photographs showing these "straving childen" were widely distributed.

Although the news of the crop failure in Soviet Russia comes *via* the German *Transocean* service, which is inclined to put the worst possible construction on all news coming out of Russia, there is little doubt but that the Soviet crops this season are quite scant. A message from Warsaw stated that in over half of all the wheat-growing territories in Soviet Russia, the harvest is reported as being the "worst for 15 years," *i.e.* since 1921 when Nansen's famous relief work relieved the sufferings of millions dying in the famine area. To-day however outside help on the same scale is unavailable. In the vicinity of Moscow, the telegram stated, hundreds of peasants could be seen daily driving cattle to the markets for slaughter because fodder is unobtainable. The same sight is to be witnessed around the towns of Tula, Minsk, Kiroff, Saratoff and elsewhere. *Transocean* commented that the Sovet Russian Government is therefore, for the first time, forced to face the necessity of fighting a great famine unaided and out of its own resources.

German messages are frequently excellent sources of news concerning conditions in Soviet Russia, although due allowance must be made for the exaggerations which the German correspondents delight in injecting into their telegrams. The German and Soviet press engage in mutual polemics almost daily. A characteristic sample was the following from the Moscow *Izvestia* of Sept. 1, having reference to certain German messages concerning conditions in Russia:—"These wild inventions bear witness to the fact that the pen bandits have decided to beat their own records in anti-Soviet lying. The official German Information Bureau spreads information that Soviet industry is working wretchedly. Of course, this does not hinder this same Agency from alleging that Soviet industry is producing 5,000 airplanes annually. This unceasing campaign of dirty lies, fed by the bestial hate towards the Soviet State, can be explained by a number of objective conditions."

The Governments of France and Poland Sept. 6, formally renewed the military alliance

which has prevailed between the two nations since 1921. It is understood that the main point of the accord provides for the grant to Poland by France of a credit of Fr. 2,250,000,000, payable in five instalments. The proceeds will be used for modernization and mechanization of the Polish Army, war materials being ordered in France. Determined to be in full readiness for possible war, the French Cabinet Sept. 7, approved a Bill submitted by M. Edouard Daladier, Minister of National Defence, to strengthen France's military and naval power. The measure involves the expenditure of 4,000 million francs for improving the equipment of the land and sea forces, increasing the number of regular troops, and strengthening defence, particularly against tanks and armored-cars. It also provides for the expenditure of 100,000,000, francs for strengthening naval armament and harbor defence works.

In the meantime Kind Edward of England has been making a tour of the Southeastern countries of Europe, including Turkey—a visit not without its significance in view of the increasing tension in Palestine, where the native population, the Arabs, are co-religionists with the inhabitants of Turkey. Messages from Istanbul stated that although the King's visit to Turkey was of a private nature he was received with many cordial outward demonstrations and festivities. He was in the company of President Kemal Ataturk and Turkish Ministers daily. The Turkish press with one accord stated that Kind Edward's visit had cemented the long standing friendship between Great Britain and Turkey as nothing else could have done. King Edward was the first British monarch to visit Turkey. The King made the return trip to England from Vienna via Paris, making a short stay at Sofia, the Bulgarian capital, where he met King Boris.

The growing seriousness of the situation in Palestine was made manifest by the news from London that reinforcements totalling about 10,000 men would leave Aldershot (England) on September 11. Twelve infantry battalions, four field companies of the Royal Engineers, three companies of the Royal Corps of Signals, and three companies of the Royal Army Service Corps, comprise the reinforcements, which will bring the total British troops in Palestine to 17,000, sufficient to allow the imposition of martial law, although it is hoped that this will be unnecessary. All classes of public opinion in England are firmly united in the idea that order must be restored in Palestine at all costs as a preliminary to any negotiations towards solving the relative rights of the Jews and Arabs in said country. Meanwhile the ambushing of British troops or Jews by the Arabs are matters of almost daily occurrence.

Income Tax Law in China

BY ANNA GINSBOURG

THE repeated postponement of the New Income Tax Law enforcement, the date of which was finally set for the October 1, 1936, is to be met without surprise. Though nothing but good feelings could be expressed towards this reform, signifying the adoption of the system of Direct Taxation by China, in general, the postponement of putting the new Law into operation has been predicted and considered imminent by public opinion, friends and foes of the new system alike.

The announcement of the text of the Income Tax Law, passed by the Legislative Yuan on July 9, 1936, has caused considerable comment both in the Chinese and Foreign press. The question of taxation of foreigners, not expressly indicated in the Law itself, gave food for the most animated polemics in local foreign circles. Due to the fact that Chinese authorities find themselves in a very peculiar position with regard to their inability to impose the Law upon that part of foreign residents in China who enjoy the privileges of extraterritoriality, this issue is deemed to remain acute. The rumor that foreigners would voluntarily submit themselves to taxation under the new Law was put forward in the Chinese press, but categorically denied in foreign circles. Anyway, as this issue involves such complicated problems as the famous issue of extrality, international relations etc. and also in view of other reasons which will be discussed here later, another adjournment in putting the new Law into force is to be welcomed.

Income Tax—Its Origin and Administration

The income tax is an essentially modern phenomenon. Its origin is closely associated with the development of commerce and industry, with the widespread diffusion of the money and the consequent emergence of new forms of wealth which could not be reached by other forms of taxation.

In early communities ability to pay taxes was measured in terms of property. Under modern conditions of industrial life, property no longer suffices as a criterion of taxpaying ability. Since the time when Real Estate was supplemented by personalty the original specific land tax everywhere became a general property tax. The test of ability was shifted from property or capital to income as a flow of wealth. Income has become the paramount criterion of prosperity. The property tax was replaced by the income tax.

The Income Tax reached its highest development during and after the World War. Today it has become the bulwark of the revenue system in the most advanced countries. In the United States and Great Britain, for instance, it is by far the outstanding source of revenue. But the adoption and successful administration of the Income Tax presuppose a fairly advanced stage of political organization and the existence of political institutions which are conducive to the development of a considerable degree of cooperation between the communities and the state. Theoretically the Income Tax is an ideal form of taxation but practically its application demands cautious recognition of the social conditions prevailing.

Three Types of Income Taxes

There are three chief types of income taxes apart from their division into partial and general income taxes. The former are taxes on the income from a special source, like wages, interest or rent; the latter are taxes on the entire income from whatever source derived. The general income taxes may be of three types and are termed respectively: The presumptive, the composite, and the unitary.

The presumptive taxes are thus termed because their collection is based on the assumption that a man's income can be roughly inferred from his expenditure. In other words, they are taxes on expenditure. The Law enforcing them provides a scale of relation of actual expenditure to presumed income. This type of income taxes is usually found in countries where the economic and administrative conditions render the exact ascertainment of actual income difficult.

The composite taxes are those, composed of a series of separate quasi-personal taxes, assessed on the particular sources of income with a superimposed personal tax on the income as a whole. This type of taxation possesses the advantage of permitting in each separate schedule the most appropriate method of collection as well as a finer differentiation in rate. But it is rather complicated and suffers from the resemblance to the old methods of taxation. It is still found in France and Italy.

The unitary type of taxation is adopted by the United States and Germany. Here the returns are arranged by categories or rubrics, according to the source of the income, but the separate items are then simply counted together and the rate applies to the resulting total income.

Of the three types of income taxes the unitary tax is the most prevailing type. It is more adequate than the presumptive

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Japanese Consul General Suma Formally Opens Negotiations at Nanking on Chengtu Incident

GENERAL Chang Chun, Minister of Foreign Affairs, reporting on the Chengtu Incident of Aug. 24 at the Sun Yat-sen Memorial Service held at the Nanking Central Kuomintang Headquarters Sept. 7, said the Chinese Government would handle the Chengtu incident of August 24 with the utmost sincerity and frankness in the hope that it will be settled at the earliest possible date. As against the conciliatory attitude of the Nanking Government quite a different spirit prevails across the Japan Sea. A *Domei* message from Tokyo Sept. 7 stated that 18 militant patriotic organizations, headed by the Japan Patriotic League, had adopted a joint resolution urging the Government to take vigorous measures to achieve a satisfactory settlement of the Chengtu affair. Twenty representatives of the various participating organizations called at the official residence of the Premier to convey the resolution, which read:

"Whereas, anti-Japanese agitation in China has long been attended by outrages which no words can describe;

"Whereas, the Chengtu Incident represents an extreme instance;

"Whereas, this is solely the result of the anti-Japan education carried on for year by the Chinese authorities, who are taking advantage of the forbearance and the tolerance of the Japanese government;

"Whereas, the prestige of Japan will be destroyed and the peace of the Far East disturbed beyond salvation if the situation is left as it is today;

"Whereas, there is an urgent need to eradicate anti-Japanese sentiment and agitation in China, and make China pursue friendly relations with Japan with sincerity;

"Be it resolved therefore that the Japanese government be urged to assume a postive and vigorous attitude towards China, so as to make the latter assume full responsibility for the Chengtu Incident and to reconsider her anti-Japanese attitude for the sake of peace and order in the Far East."

The Japan Newspaper Federation in Tokyo, Sept. 7 went on record as favoring the adoption of "drastic measures designed to uproot the causes" of incidents such as the Chengtu affair, which cost the life of two reporters. The Federation's resolution was transmitted to Premier Koki Hirota, Hachiro Arita, Foreign Minister; Gen. Count Hisaichi Terauchi, War Minister, and Admiral Osami Nagano, Navy Minister, and cabled to Shigeru Kawagoe, Japanese Ambassador to China. Simultaneously, the Federation voted the granting of undisclosed sums of money to the families of the two slain journalists.

Warning that a half-way solution of the Chengtu affair would, in itself form a cause for future trouble, the *Shanghai Nippo* Sept. 8 editorially urged the Japanese government to "ward off all Chinese attempts to delay a settlement and to expose mercilessly Chinese trickery." "We understand, that should the Chinese continue to evade the issue behind a screen of empty oratory, the Japanese government is sternly determined to take any steps it considers appropriate," the daily remarked. "Not only should the negotiations be carried on on a free and unhampered basis, but a firm determination that all causes for future incidents shall be uprooted must be maintained to the very end."

Whatever the reason, there was no apparent hurry on the part of the Japanese in presenting their demands in connection with the Incident. Day after day there were statements that Mr. Kawagoe, the Japanese Ambassador to China, although he had recently received instructions from Tokyo, "had not yet decided on the date for his departure for Nanking." Instead, the Japanese Ambassador had conferences here with Japanese military and naval officers, and on Sept. 7 received Y. Suma, Japanese Consul General at Nanking, who had arrived by plane from Nanking to report on the result of his conferences with General Chang Chun, Minister of Foreign Affairs. Mr. Matsumura, Third Secretary of the Japanese Embassy in Nanking, had an interview with Kao Chung-wu, Director of the Asiatic Affairs Department of the Waichiaopu Sept. 7. During their conversation, the Chengtu incident is said to have been touched upon,

The anticipated Sino-Japanese negotiations over the Chengtu Incident were formally initiated by Y. Suma, Japanese Consul-General at Nanking, when he called on General Chang Chun, Minister of Foreign Affairs, for a two-hour conference at Nanking Sept. 8. During the course of the interview General Chang reiterated the desire of the Chinese Government to settle the affair with frankness and sincerity, a point which he made clear in a speech the previous day.

Central News intimated that Mr. Suma, will not seek another intervew for the time being. S. Kawagoe, Japanese Ambassador to China, will also remain in Shanghai for a while and will not go to Nanking unless it is necessary for him to do so, it was stated.

Domei stated that the instructions which Mr. Kwagoe had received from Tokyo were being kept secret, but the Japanese news agency hazarded the guess that the Japanese Ambassador, had been given a certain amount of latitude; at any rate, the instructions are "strong" and would form a yardstick whereby the Japanese government will be able to judge how far the Nanking government is prepared to ta take action in suppresing anti-Japanese agitation and education as its share in the readjustment of Sino-Japanese realtions. The outcome of these negotations will determine Japan's future attitude towards China.

An Inkling of the Japanese Demands

Eight demands in connection with the Chengtu incident were drawn up at a conference, attended by nine officials of the Army, Navy, and Foreign Office, and lasting three hours, Sept. 3, according to the Tokyo *Nichi Nichi*, as follows:—

1.—The Nanking Government thoroughly to control anti-Japanese movements and prevent similar incidents in future.

2.—Revision of anti-Japanese school books and extermination of anti-Japanese education.

3.—Prohibition of anti-Japanese gatherings and dissolution of anti-Japanese organizations.

4.—The Nanking Government to assume responsibility for the anti-Japanese activities of Kuomintang branches.

5.—Removal of all action blocking the re-opening of the Consulate-General in Chengtu.

6.—A formal apology by the Nanking Government.

7.—Punishment of the guilty and those responsible for the incident.

8.—Indemnification for loss and injury to sufferers.

Hsu Calls on Arita—Expresses Regret for Chengtu Murders

Calling on Hachiro Arita, Foreign Minister in Tokyo Sept. 2. Hsu Shih-ying, Chinese envoy to Japan, officially conveyed his government's regrets over the death of two Japanese newspapermen at the hands of an anti-Japanese mob in Chengtu on Aug. 24.

Japanese Demands to Be "Fair and Just"—Arita

Japanese demands for the satisfactory settlement of the Chengtu affair will be "fair and just," Hachiro Arita, Japanese Foreign Minister, informed Hsu Shih-ying, in a 50-minute interview Sept. 5.

Instructions were sent by the Tokyo Foreign Office at noon Sept. 4 to Shigeru Kawagoe, Japanese Ambassador to China, directing him to open negotiations with the Chinese government for a settlement of the Chengtu affair, a *Domei* message from Tokyo Sept. 5 stated.

Reports that members of the Chengtu Bureau of Public Safety had been killed in Chengtu on Aug. 24 "in a vain attempt to quell the riot" that cost the lives of two Japanese and resulted in serious injuries to two others were characterized as "false" by Seigo Nakamura, staff correspondent of the *Osaka Asahi* September 2. "Some may have been bruised or injured, even,

but killed never," the correspondent claimed. Mr. Nakamura returned from Chengtu last week after "covering" the official investigation into the rioting being conducted there by Japanese consular representatives. "Investigation has shown that the Chinese police did practically nothing to protect the four Japanese under their care, "Mr. Nakamura said. "Sixty officers were sent in an attempt to quell 10,000 demonstrators when the riot had already reached its height. No attempt was made to disperse the crowd before the gathering reached dangerous proportions."

Noting attempts of Chinese officialdom to handle the Chengtu incident as a local issue, the Shanghai *Nippo* Sept. 2 editorially urged the Japanese government to "show no mercy in dealing with the evasive attitude" of the Nanking authorities.

Chengtu Officials Allegedly Block Investigations

Chinese officials in Chengtu were alleged in official reports reaching Japanese military, naval and diplomatic establishments in Shanghai Sept. 2 with having willfully interfered with the progress of the investigation into the murder of two Japanese and the wounding of two others by a Chinese mob on Aug. 24. According to these dispatches, Wu Chai-hsiang, special inspector for foreign affairs in the province, turned down requests of Japanese officials that they be permitted to question members of the Bureau of Public Safety that were detailed to protect the four Japanese travelers. He is also alleged to have declined the Japanese request to question prisoners being held by the Szechuen authorities on charges of having participated in the riot.

Readiness to assume responsibility for failure to quell the Chengtu riot of Aug. 24 and willingness to accord adequate compensations to families of the deceased Japanese journalists were expressed by Teng Han-hsiang, Secretary-General of the Szechwan provincial government, in Chengtu Sept. 2. This attitude was made plain by Mr. Teng in an interview with K. Nagano, Japanese Consul at Chungking, in order to pave way for negotiations for a speedy settlement of the affair.

Messrs. Yang Kai-chia and Shao Yu-lin of the Ministry of Foreign Affairs, after completing their investigation into the Chengtu incident, returned to the Nanking Sept. 3 from Chengtu by airplane. Immediately upon their arrival, they proceeded to the Ministry and reported the results of their investigation to General Chang Chun, Minister of Foreign Affairs, Messrs. Hsu Mo and Chen Chich, respectively Political and Administrative Vice-Ministers of Foreign Affairs.

Officials at the Waichiaopu in Nanking during the week closely studied the report filed by Messrs. Shao Yu-lin and Yang Kai-cha, special investigators sent to Chengtu, on their findings in the Szechuen provincial capital. Meanwhile, the Szechuen provincial government has issued an order asking all public safety bureaus and garrison commander's headquarters throughout the province to search for persons who were among the leaders of the riot which resulted in the incident. At the same time, the shops attacked by the mobs were being given compensation.

Tokyo "Jiji" Advises Sanity

Chauvinistic propaganda, featured by the frequent use of abusive language and names, which are apt to whip national feelings to dangerous extremities, were deplored by the *Tokyo Jiji* Sept. 6 in discussing Sino-Japanese relations. The *Jiji*, earnestly appealing to all Chinese and Japanese papers to refrain from one-sided sentimentalism, reminds the readers that it is such an attitude which renders any satisfactory negotiations between the two countries impossible. Extremists, the *Jiji* declares, have recently gone so far as to preach the use of force in settling all questions with China. They believe that by what is called "Guarantee Occupation" they would be able to wring from China whatever satisfaction Japan wishes. Such a belief, the *Jiji* states, could not but prove a fatal deterrent in finding an amiable settlement of outstanding issues between the two countries.

China, the *Jiji* continues, has also her share of the blame to bear. While China is afraid that Japan would resort to arms, she has shown hesitation in negotiating with the Japanese Government for an amicable solution of all issues. In this lack of decision China betrays her ignorance of the real trend of the Japanese sentiments. Referring specifically to the Chengtu incident, the *Jiji* advises the Nanking Government to face Japan with sincerity. Opportunity should be taken of the present occasion, the paper declares by both countries of liquidating whatever bad feelings exist between them and of opening a new page in Sino-Japanese relations based on mutual respect and confidence.

Shanghai "Nippo" Advocates Fundamental Eradication of Anti-Japanese Movement

Advocating the fundamental eradication of the anti-Japanese movement in China with reference to the Chengtu incident, the *Shanghai Nippo* in a short editorial Sept. 4, commented: "As soon as the truth about the Chengtu incident came to light, the opinion of the Japanese in the whole country has become stiffer, being quite different from that just before. It is simply because Japan understands China much more thoroughly now. Japan has taken up an attitude of friendliness and stability to China in the readjustment of Sino-Japanese relations. Far from her expectation, she has reaped a bad result. It is therefore expected that Japan should change her softening gesture to a more hardening one towards China. The so-called hardening attitude does not mean running wild, but one with which Japan should demand from the Chinese Government a fundamental solution of Sino-Japanese problems acceptable to a first rate power."

Stationing of Japanese Troops at Chengtu Urged by Tokyo "Kokumin"

The Japanese Government was urged Sept. 5 by the Tokyo *Kokumin* a daily with strong militaristic leanings, to station troops in Chengtu, capital of Szechwan province, to guard the Japanese Consulate General there when it is reopened. Recalling the drastic military measures taken by European powers in the past in dealing with cases involving the murder of their nationals by Chinese, the daily declared that the Japanese Government "need have no scruples" regarding the attitude of the other nations towards the action advocated by the paper.

A Nanking message to the Tokyo *Asahi* Sept. 3 stated that it was regarded as certain that in the formal negotiations regarding the Chengtu Incident such a superficial attitude as that usually displayed by the Nanking Government in similar incidents in the past will not be tolerated by the Japanese Government.

The Tokyo *Hochi*, discussing the Chengtu incident, Sept. 2 commented:—"Thus the readjustment of Sino-Japanese relations is to make a fresh start all over again with the most fundamental and most difficult question of how sincere the Nanking Government is."

American Missionary University Blamed by Japanese for Chengtu Killings

According to information gathered from foreign residents in the Szechwan capital, the recent riot in that city, which resulted in the death of two Japanese subjects and injury to two others, was staged under the leadership of students of the West China University, an American missionary institution in Chengtu, a Hankow message to the *Shanghai Nippo* Sept. 6 stated.

Kuomintang Blamed by Japanese for Chengtu Riot

Following the recent Chengtu incident, in which two Japanese subjects were killed and two others badly injured, the Chinese government declared that Communists were to blame for the incident. However, a Chungking message dated Sept. 4 to the *Shanghai Mainichi* said:—"Many new facts have been discovered which prove the incident to have been staged according to a carefully prepared plan, the purpose of which was to prevent Mr. Iwai, the newly-appointed Japanese Consul at Chengtu, from assuming his post. These are as follows: When the mob attacked the Great Szechuen Hotel a search was started for the Japanese Consul and members of the crowd shouted 'Deport Iwai!' The riot lasted about two hours and during all of that period the police stood by without interfering. When the rioters seized Mr. Saito, they questioned him: 'Iwai arrived here by airplane—where is he now?' Before the riot commenced, members of the mob questioned the four subsequent victims as to whether they were on the staff of the new Japanese Consul. From this fact it can be seen that the riot was under the leadership of the local Kuomintang organization, which aimed to prevent Mr. Iwai from taking over his post. On the night of August 23, when it had become known that Mr. Iwai would reach Chengtu the following day, placards denouncing the reopening of the Japanese Consulate in Chengtu made their appearance on the streets. These posters were put up by students and well-dressed men who went about their work in a manner suggesting that they did not fear any action by the police. On Aug. 28, when news had spread that the secretary of the new consulate, Mr. Matsamuro, had arrived in the city, the agitation was renewed. Judging by the quick reaction to the news and the planned character of the campaign, it is obvious that the whole affair was under Kuomintang direction."

Kuomintang Guidance in Chengtu Riot Alleged by Japanese Consul

Domei states that new allegations of Kuomintang guidance and of official connivance in the anti-Japanese demonstration in Chengtu on Aug. 24, were contained in an official report received by the Japanese Embassy in Shanghai Sept. 4 from Renji Kasuya, consul in Chungking. The report also referred to an interview between Mr. Kasuya and Gen. Ho Kuo-kuang, chief of staff of the provisional headquarters of the chairman of the military affairs commision in Szechwan in Chungking, during which, the consul said, he had made strong representation regarding the attitude of the Chinese authorities in Chengtu. Gen. Ho, the report said, offered no explanations but merely reiterated his regrets.

Subsequent investigations, the consular dispatch said, had shown that "well-dressed individuals" directed groups of students and other Chinese in the distribution and pasting-up of printed handbills opposing the entry into Chengtu of Mr. Iwai and the reopening of the Japanese Consulate-general on Aug. 23, the day before the riot. These handbills were hastily removed on Aug. 28 before the Japanese investigators arrived. Such action, Mr. Kasuya held in his report, indicated that the affair was in the hands of a well-organized group such as the Kuomintang. He also pointed out to the lack of official interference with such activities.

Resolution Passed by the Japanese Residents Conference in Chungking Asks for "Appropriate Measures"

It is reported that a conference was held by the Japanese residents in Chungking Sept. 3 at which the following resolution was reached:—"We are overwhelmed with frantic wrath and lamentation about the Chengtu incident. For the sake of our safety, we urge our authorities to take up appropriate measures in coping with this event."

In a resolution adopted Sept. 2 the Hankow Japanese Residents' Corporation asked the Tokyo Government to take steps permanently to prevent a recurrence of the Chengtu affair.

"London Times" Criticizes Tokyo on Chengtu Case

Tokyo apparently means that the Chengtu incident shall have a capital "I", the *London Times* commented Sept. 5. The Japanese Army and Navy, it said, have insured that the demands to be presented to the Chinese Government are stiff and sweeping. The phrase "Relations with Japan must be such that a repetition of such outrages will be avoided" might —and probably will—be interpreted in a number of ways, *The Times* added.

Memorial to Two Japanese Planned in Chengtu

The memory of the two Japanese newspapermen who lost their lives at the hands of a Chinese mob in Chengtu on Aug. 24 will be kept alive near the spot where they met their death, if plans now underway among friends of the deceased are realized, the Shanghai *Nippo* said. According to a scheme now under consideration, a memorial, containing part of the ashes of the two men, will be erected within the compound of the Japanese Consulate-General at Chengtu, the paper said.

"China Must Not Yield to Japanese Demands Regarding Chengtu Incident"

Commenting on the eight demands made by the Japanese Government regarding the Chengtu Incident, the Shanghai *Lih Pao*, in a brief but strong editorial said: "Following the 'unfortunate' incident in Chengtu last month, two Chinese were immediately executed for having participated in the attack on the four Japanese newspaper correspondents. This amply shows how much the Nanking Government cares for the safety of the residents of our friendly neighbor. While regretting the occurrence of such an unfortunate incident, it must be admitted that even in a country where the police is well organized, such an incident is sometimes unavoidable, and is likely to see a speedy settlement. We hope that at such time when our friendly neighbor is seeking a readjustment of her relations with China, she should do nothing which tends to further deepen the enmity of the two countries; and, at the same time, it is also hoped that our Government will stick to its decision at the 2nd Plenary Session that China will not beg for peace when demands made to effect peace are beyond accepting."

The *Chiu Wang Chun Pao* of Aug. 27 published an article opposing the opening of the Japanese Consulate at Chengtu, commenting incidentally:—"In opposition to the reopening of the Japanese Consulate in Chengtu, we must concurrently beat down Japanese imperialism and the national traitors. In order to complete this divine mission, we must establish a strong National Salvation Front to fight a decisive battle against our bitter enemy."

Discussing the Chengtu incident and the attitude of Japan, the *Hua Mei Wan Pao* Sept. 3 commented:—"The Chengtu incident is but an ordinary local event. Since the Chinese authorities have decided to settle this problem with sincerity, this can be satisfactory solved with most favorable conditions to Japan. If Japan endeavors to extend this problem to a political one, it would be somewhat beyond the proper scope of diplomatic dealings, which would hereafter aggravate the ill feelings between these two countries. With such an attitude, how can Japan talk about the readjustment of Sino-Japanese relations?"

Discussing the reopening of the Japanese Consulate in Chengtu, an article in the *Chung Wai Wen Ti* (Sino-Foreign Problems), Aug. 5, commented:—"A consular official is nothing but a commercial agent, which is of rather little significance; but Chengtu is neither a commercial port open to foreign trade nor a free trade city. Naturally we have sufficient power to stop any foreigners to conduct their trade in that place, because it is clearly stipulated in the treaties that there are only five ports open to foreign trade."

Strong Resolution Passed by Kwangsi Leaders Regarding Chengtu Incident

According to vernacular dispatches from Nanning reaching a joint conference among the Kwangsi leaders; namely, Li Tsung-jen, Li Tsi-shen, Tsai Ting-kai, Huang Yu-chu, Pai Chung-hai, Liu Lo-yin, and others, was held in the General Headquarter of Wuming (武鳴) Civil Corps Sept. 5. At the meeting, a strong resolution in opposition to the humiliating attitude of the Central Government towards Japan and its suppression of the patriotic movement among the general masses regarding the Chengtu incident was reached.

Nanking Newspapermen Send Condolences to Families of Deceased Japanese

The Nanking Journalists Institute addressed a message of condolence through the *Osaka Mainichi* to the families of the late Messrs. Keiji Fukagawa and Kozabure Watanabe, who lost their lives in the mob violence in Chengtu on Aug. 24. The message expressed the hope that reports on the incident would not unduly arouse the sentiments of both the Chinese and the Japanese, thus aggravating tense the Far Eastern situation. It urged the intellectual class in Japan to exercise their influence to maintain the friendly relations between the two countries.

Tokyo Officials Meet for Second Time to Discuss Incident

Officials from the Ministries of War, Navy, and Foreign Affairs met in Tokyo Sept. 3 for the second consecutive time to discuss the recent Chinese mob attack in Chengtu. The conferees withheld a final decision pending the arrival of the complete reports from the official investigators of the three ministries who were sent to the Szechuen capital.

Doctor Makes Report on Death of Watanabe

Kozaburo Watanabe, staff correspondent of the *Osaka Mainichi*, who was slain by a Chinese mob in Chengtu on Aug. 24, died from the effects of a blow that crushed his lower jaw bone, Dr. Otoichiro Hori, who conducted the post morten examination, stated upon his return to Chungking Sept. 2. Keiji Fukagawa, acting editor of the *Shanghai Mainichi*, died from a cerebral hemorrhage caused by a blow that fractured his cheek bone, the doctor said.

Two Chinese Charged at District Court as Suspects in Japanese Murders

Tsou Kwei-sung, alias Tseu Tih-sing, 39-year-old native of Yangchow and unemployed with no found address in Shanghai, and Ching Dao Joen, 19-year-old resident of Rue Ratard, were charged at the Shanghai First District Court Sept. 2 with being connected in the murder of Kosaku Kayau on Chimei Road off Dixwell Road on the night of July 10. They were ordered held on a writ of detention not only on suspicion of being concerned in the murder of Kayau but also in the murder of Hideo Nakayama, Japanese warrant Officer, on the night of Nov. 10 last year.

The Tokyo *Asahi* Sept. 2 printed a telegram from Shangha saying that the Chinese authorities are deliberately delaying the passing of sentences in the public hearing on the murder of Warrant Officer Nakayama and are so lacking in earnestness as to fail to announce the date of the next session after the twelfth, which was held on Aug. 19. Meanwhile, the Public Safety Bureau has "fabricated" three Chinese under some other murder charges as murderers of Nakayama and drew up "confessions" which, the telegram said, were made up of lies in an attempt to save Yang Wen-tao and two other defendants whose guilt had been rendered indisputable during the foregoing sessions of the trial.

Japanese Residents Pass Vigorous Resolution at Emergency Meeting in Shanghai

The council of the Shanghai Japanese Residents Corporation, at an emergency meeting at the Japanese Club, Sept. 5, passed a vigorously-worded resolution, which was later handed to the Japanese Ambassador, and also to Mr. Wakasugi, the Consul-General, Rear-Admiral Osamu Sato, Naval Attache, and Major-Gen. Seiichi Kita, Military Attache. The resolution, referring to the mob attack on four Japanese in Chengtu and the unsolved murders of Warrant Officer Hideo Nakayama and Kosaku Kayau, in Shanghai, said they "reflect the anti-Japanese policy of the Nanking Government. . . . Not only should the Government protest vigorously, so as to uproot the causes of such affairs, but it should take thorough-going measures, so that the sacrifice of the victims of ruffians, both in Shanghai and in Szechuan, may form the basis for real amity between the peoples of China and Japan, and eventually lead to the establishment of permanent peace in Asia."

Japanese Murdered at Pakhoi by Mob

Another incidden to exacerbate Sino-Japanese relations occurred Sept. 3 at Pakhoi, when Jyunzo Nakano, 53 years of age was murdered. The Japanese Consulate-General at Canton was officially advised of the murder by the Kwangtung Provincial authorities Sept. 8. The deceased was a druggist and the sole Japanese resident of Pakhoi, which is a treaty port in southern Kwangtung. He was attacked in his shop, dragged outside and beaten to death by a crowd allegedly led by agitators belonging to the reorganized 19th Route Army, which recently occupied the Pakhoi area, the Foreign Affairs Commissioner for Kwangtung and Kwangsi advised Japanese officials. The riot, according to this official Chinese account, followed a mass meeting, sponsored by the Pakhoi Anti-Japanese Society, to welcome Gen. Tsai Ting-kai, commander of the 19th Route Army, which won recognition for its stubborn defense of the Shanghai-Woosung area against Japanese forces in 1932. The fate of Mr. Nakano's Chinese wife and of their two children is unknown, according to reports reaching Chinese official quarters.

The crowd that gathered at the mass meeting, later took part in a monster parade through the major streets of Pakhoi. This was when the pharmacy operated by Mr. Nakano was attacked and ransacked, official accounts of the riot said.

Japanese and Chinese Disagree on Investigation Plans

Disagreement between Chinese and Japanese officials as to the advisability of sending a party of Japanese investigations to Pakhoi to probe the Sept. 3 incident threatened new complications, a *Domei* message from Canton stated. Sadaji Yoshitake, acting Japanese Consul-General, conferred for two hours with Gen. Huang Mu-sung, chairman of the Kwangtung Provincial Government, seeking the latter's consent to the dispatch of Japanese officials to Pakhoi. Gen. Huang, who at first opposed the project of Mr. Yoshitake on the grounds that the Chinese Government would be unable to guarantee the safety of the Japanese investigators so long as the 19th Route Army remained in Pakhoi, is understood to have finally agreed to permit the trip of the Japanese officials provided they accompanied a Chinese party on a Chinese warship. This offer is understood to have been rejected by Mr. Yoshitake who insisted that the Japanese officials should proceed on a Nipponese war vessel. Gen. Huang vigorously opposed this plan, declaring that the sending of a Japanese warship would be dangerous in that it would aggravate the feelings of the 19th Route Army.

The Chinese official, it was further learned, suggested a prompt settlement of this question as a "local issue." This was rejected by Mr. Yoshitake.

General Chiang Kai-Shek Decides to Restore 19th Route Army

Restoration of the 19th Route Army was decided upon at a military conference convened by General Chiang Kai-shek, President of the Military Affairs Commission, at Canton Sept. 8. Measures relating to the organization, garrison posts and military expenses of the said army were decided upon, and are to be communicated through Generals Li Tsung-jen and Pai Chung-hsi, the two Kwangsi leaders, to General Tsai Ting-kai, former Commander of the 19th Route Army. General Tsai will be urged to proceed to Canton to have a face-to-face talk with General Chiang. The incursion of General Ong Chao-huan's troops into Fachow, south-western Kwangtung, was also discussed. It was decided that Generals Li and Pai be urged to order the withdrawal of these troops from south-western Kwangtung within a specific period.

Gen. Tsai Ting-kai Angered by Compromise

A previous message from Canton to the *Shanghai Mainichi* said that Gen. Tsai Ting-kai, commander of the reorganized 19th Route Army, which now occupies certain areas in southern Kwangtung, was reported to be angered by the compromise agreement reportedly arrived at between the Kwangsi leaders and Gen. Chiang Kai-shek. According to information which had reached Canton, Gen. Tsai had ordered the troops commanded by Gen. Onng Chao-huang to continue their advance southward. These units occupied the Chaohua district in the early morning of Sept. 4.

Black Plague Takes Ten Lives in Jehol

Health authorities at Chengteh (Jehol City), stretched a sanitary cordon about Kienping-hsien this week following reports that pestilence (black plague) had claimed more than 10 lives at Santaokuo, about 160 kilometers northeast of Chaoyang. More than 200 victims were taken by a similar epidemic in the same area last year.

The Nanking authorities have decided to remit $10,000 for the promotion of anti-plague work in Fukien province, the Provincial Government having reported that many people have died of the bubonic plague in Sungki, Chengho, and other districts in northern Fukien. The National Health Administration despatched Dr. Feng Ju-lin to Chaohsien with medical supplies to assist the local authorities in fighting the epidemic.

The bubonic epidemic which broke out in Tehhua in southern Fukien has been stamped out by the concerted effort of a group of health officers sent from Foochow last month, according to messages received in Foochow this week.

Japanese Druggists in Shanghai Warned on Sale of Narcotics

Japanese druggists and herbalists were reminded last week by the Japanese consular police in Shanghai that the sale of narcotics without specific permission from the Consulate-General made both the seller and the purchaser liable to punishment, the local Japanese press reports. Before sales of poisons could be made, they were also informed, a record of the address, name and age of the purchaser would have to be taken.

This step was taken following the recent revision of the Japanese Foreign Office ordinance referring to the control of the sale and distribution of narcotics and poisons by Japanese nationals in China.

Number of Licensed Opium Hongs to Be Limited

As registration of drug addicts throughout this country is being gradually completed, the Directorate-General of Opium-suppression is now taking steps to restrict the number of licensed opium hongs. In a recent circular the Directorate instructed that no further licenses should be issued by local authorities to opium hongs. As the number of cured addicts increases, the number of licensed opium hongs should be conversely cut down.

General Chiang Asks for Details on Cpium Suppression

Detailed reports on the progress of opium suppression are ordered to be submitted to the Central authorities for approval, by General Chiang Kai-shek, Inspector-General of Opium Suppression, in a circular order to the Provincial Governments of Kiangsu, Shantung, Shansi, Honan, Kweichow, Suiyuan, Ninghsia and Chahar.

Up to date, more than 180,000 opium addicts in Shensi province have officially registered for curative treatment, the Provincial Government announced at Sian Aug. 31.

Narcotics Burned in Large Quantities at Nanking

In the presence of a large gathering, 146 ounces of opium and 3,000 pieces of opium smoking paraphernalia seized by the Metropolitan Opium Suppression Commission during the last few months were burned at the Confucius Temple in Nanking Sept. 1. The burning was supervised by representatives from various Government organs, including the National Opium-Suppression Association, the Executive Yuan, the Nanking Party Headquarters, the Nanking Municipal Government, and the Nanking District Court.

Typical End of a Narcotic Addict

A Chinese woman's body, covered with stab wounds, was discovered in Market Street, Hongkew district, Shanghai, on the morning of Sept. 4. The body had been placed in a sack and then deposited in the street. She was dressed in a striped cotton jacket and cotton trousers, white socks and blue cloth shoes. In one of the socks was found a small packet containing morphine, and the general appearance of the victim was that of a narcotic addict. She was about 40 or 45 years old.

Death Penalty for Drug Addicts Threatened by General Sung Cheh-yuan

All drug addicts are to get rid of their smoking habit before Jan. 1, 1937, according to an order recently issued by General Sung Cheh-yuan, Chairman of the Hopei and Chahar Political Council. Any one found indulging in the same habit after the prescribed date, the order warns, will be subject to death penalty or other severe punishments.

Shanghai Foreign Municipal Council Thanked by League Drug Committee

An appreciative reference to the Shanghai Foreign Settlement Municipal Council's co-operation appeared in the Report to the Council of the League of Nations of the 21st session of the Advisory Committee on Traffic in Opium and other Dangerous Drugs, held at Geneva from May 18 to June 5, 1936. The Committee noted with great satisfaction, it was stated, the evidence of the close co-operation afforded by the Shanghai Municipal Council and the efficient work of the Shanghai Municipal Police in dealing with clandestine manufacture and the drug traffic generally. The representative of China informed the Sub-Committee that the Chinese Government deeply appreciated the full and effective co-operation given by the authorities of the International Settlement.

Floods in Szechuen Render Hundreds of Thousands Homeless

Upwards of 720,000 people in various districts in southeastern Szechuan, including Naikiang and Fushun, have been rendered homeless and destitute as a result of the overflow of the Tu River and other waterways, caused by continuous rainfall during the past two weeks, according to statistics compiled by the Provincial Relief Committee. Over 4,700 houses collapsed.

A sum of $40,000 was remitted last week by the General Relief Commission under the Executive Yuan for urgent relief in six famine-affected districts in eastern Hupeh, including Huangan and Macheng.

Yellow River Conservancy Board Observes Third Anniversary

The third anniversary of the establishment of the Yellow River Conservancy Board was appropriately commemorated in Kaifeng Sept. 1. Kung Hsiang-yung was also formally sworn into office as Chairman of the Board. More than 800 party and Government officials and representatives of conservancy organs, and other public organizations, were present. General Shang Chen, Chairman of the Honan Provincial Government, presided and administered the oath to Mr. Kung on behalf of the Central Authorities.

Hwai River Board to Collect Tolls on Cargoes

To enable the Hwai River Conservancy Commission to commence repaying the principal and interest of the cash loan amounting to $2,170,000 concluded from the Sino-British Boxer Indemnity Refund Commission for the construction of three locks, the Ministry of Finance has granted permission to the commission to collect tolls on cargoes giong through the lock at Kwaiyin. The collection of the tolls will begin soon as the bill has been approved by the Legislative Yuan.

Sir Frederick Maze Suggests Blasting of Yangtze Shoals

Sir Frederick Maze, Inspector General of Customs, has suggested to the Ministry of Finance the establishment of a special organ to take charge of the blasting of the many treacherous shoals along the upper reaches of the Yangtze River. According to Sir Frederick's estimate, the work will be completed in three years at a cost of $1,000,000. The work, when finished, will facilitate to no small degree water navigation along the upper Yangtze.

Compromise Marks Settlement of Kwangsi Trouble; Communists in Shensi and Fukien Again Active

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Gens. Li and Pai Get New Posts in Kwangsi and Nanking Respectively.**
2. **Government Withdraws Troops Following Kwangsi Settlement.**
3. **Gen. Chiang Says Pai Chung-hsi to Meet Him at Canton Shortly.**
4. **Dr. Lo Wen-kan Said Quitting Politics, Entering Monastery.**
5. **China's Unification Influencing Japan to Revise Her Attitude.**
6. **Wang Keh-min Meets With Hostile Reception at Tientsin.**
7. **Missionaries Report Russians Co-operating With Chinese Reds.**

The threat of war between Kwangsi and Nanking is now over, as Generals Li Tsung-jen and Pai Chung-hsi have pledged their support to the Central Government, as a result of General Chiang Kai-shek's determination for peace and the efforts of the three peace emissaries to Nanning. As a compromise the National Government, in a series of three mandates Sept. 6, allowed Gen. Li Tsung-jen to remain in Kwangsi as Pacification Commissioner and appointed Gen. Pai Chung-hsi member of the Standing Committee of the Military Affairs Commission. Gen. Huang Shao-hsiung, who was made Pacification Commissioner of Kwangsi, was reappointed to his old post as Chairman of Chekiang. By the virtue of his new post Gen. Pai will be required to stay in Nanking most of the time. His noted ability as a military strategist will greatly strengthen the commission of which Gen. Chiang is the chairman.

GOVERNMENT WITHDRAWS TROOPS FOLLOWING KWANGSI SETTLEMENT

With the settlement of the Kwangsi issue, the Central Government troops encircling the province on all sides—Kwangtung, Hunan, Kweichow and Yunnan—began a general withdrawal Sept. 7, according to *Reuter*.

Central Government troops along the West River and in southern Kwangtung have started evacuating from districts converging on Kwangsi. This was revealed in an interview granted to the press Sept. 6 by Chu Cheng, Gen. Chu Pei-teh, and Gen. Cheng Chien, the three peace emissaries who returned to Canton Sept. 4 after the successful conclusion of their mission to Nanning.

GEN. CHIANG SAYS PAI CHUNG-HSI TO MEET HIM AT CANTON SHORTLY

In a special interview with *Reuter* in his house at Whampoa Sept. 6, General Chiang Kai-shek emphatically stated that General Pai Chung-hsi had agreed to come to Canton for a frank and full discussion of the Kwangsi situation. He was most optimistic, the Generalissimo added, that a settlement of all difficulties in Kwangsi, without shedding a drop of blood, was now in sight. General Chiang expressed the belief that the entire Southwest situation would be stabilized very soon. He expected that he and Madame Chiang would proceed to Nanking very shortly. In excellent health and spirits, the Generalissimo is working at high pressure for fourteen hours a day. Meanwhile the general atmosphere regarding the Southwest situation is extremely hopeful. It is believed that the Generalissimo's patience and restraint will be rewarded, and that his impending dramatic interview with General Pai Chung-hsi will result in the burying of personal feuds.

General Pai Chung-hsi, it is understood, will accept a high post at Nanking, thus enabling the services of this able revolutionary general to be retained for a unified China.

Shanghai Nichi-Nichi Shimbun reported Sept. 5 that General Pai Chung-shi has expressed his intention to go abroad. It is said that his family has already left Wuchow for Annam.

Accompanying General Pai will be General Li Chi-sen, former head of the abortive People's Government in Fukien.

It is reported at the Generalissimo's Provisional Headquarters at Whampoa that the newly recruited Kwangsi troops under Weng Chao-yuan (Ong Chao-huan) invading south-western Kwangtung were withdrawn to Kwangsi province on Aug. 31 in accordance with the instructions of Generals Li Tsung-jen and Pai Chung-hsi. The district magistrates of Limkong, Onpo, Lingshan and Pakhoi, southwestern Kwangtung, who were forced to quit last month in view of the incursion of the Kwangsi troops, have returned to their respective posts to resume their duties. Communications in the various districts have also been restored.

"NIPPO" COMMENTS ON CONCESSIONS MADE BY NANKING TO KWANGSI

Pressed by the unfavorable situation created by the Chengtu incident and the strong attitude adopted by the Kwangsi generals, Gen. Chiang Kai-shek has been compelled to make great concessions to Kwangsi, *Shanghai Nippo* commented Sept. 6. General Chiang was most anxious to settle the Kwangsi difficulty as quickly as possible. The first condition which he laid down was that Generals Li Tsung-jen and Pai Chung-hsi should leave Kwangsi and go abroad. But the Kwangsi leaders rejected this demand and ordered the troops under Gen. Oong Chao-yuan to move into southern Kwangtung. Fearing attack, the Kwangtung troops withdrew from their positions. At this point, Gen. Chiang abandoned all hope of securing a fundamental solution of the Kwangsi problem and resigned himself to losing face in an endeavor to reach a compromise agreement with the Kwangsi leaders. The concessions he has now made are the result. But can one say that the Kwangsi group has scored a great success? No. Even the Kwangsi leaders themselves would not make such a claim. Gen. Chiang's policy is to isolate Kwangsi and "let it die." Having conquered Kwangtung, he expects to liquidate the Kwangsi group by means of economic blockade. Hence, the compromise which has been effected can only be regarded as a brief interlude in Gen. Chiang's plan to unify the country. The plan has definitely not been abandoned and the compromise now reached is actually a capitulation of Kwangsi to Nanking. This, of course, is well known to Generals Li Tsung-jen and Pai Chung-hsi. Hence, if they wish to consolidate their hold on Kwangsi, they must seek the aid of Japan through intimate collaboration. For this, propitious circumstances are required. At present, they are obliged to assume an anti-Japanese attitude in order to carry on their fight against Nanking, which they must designate as a traitor to the fatherland.

DR. LO WEN-KAN SAID QUITTING POLITICS, ENTERING MONASTERY

Dr. Lo Wen-kan, former Minister of Foreign Affairs, has quit the political stage forever, according to information received at Shanghai from Canton. Following the collapse of General Chen Chi-tang, deposed military chieftain of Kwangtung, Dr. Lo also left the City of Rams. But instead of remaining in Hongkong like other "retired" politicians, he went direct to Lofau, famous Buddhist mountain center, where he is now residing. It is stated that he has "had enough" of politics and will hereafter devote his time to studying buddhism. Dr. Lo, following his resignation from his Nanking post went south and was appointed member of the Southwest Political Council and the Executive Committee. He was recently actively engaged in developing the Whampoa harbor project.

Dr. Lo Wen-kan

Madame Chiang Kai-shek, who is making a brief stay in Hongkong had tea at Government House Sept. 7 with the Governor, Sir Andrew Caldecott, and Lady Caldecott, the affair being entirely informal. Madame Chiang is leaving for Canton in the near future, but it is hoped that she may soon be able to return to the Colony with her husband, before the Generaislsimo leaves for Nanking.

Vice-Admiral Chen Chi-liang, Political Vice-Minister of the Navy and concurrently Commander of the 1st Naval Squadron, arrived at Canton from southern Kwangtung on board the gunboat *Chung-shan* Sept. 3 to see General Chiang Kai-shek.

Three Chinese warships, the *Tsutung*, *Tsuyu*, and *Tsuchien*, entered the Hongkong harbour Sept. 4 and exchanged gun salute with the British men-of-war in harbour.

Tsou Lu, President of the National Chungshan University in Canton, who is now visiting in Europe, will return to China shortly, according to a cablegram received from him by Tsou Lin, Vice-Minister of Finance, Sept. 2.

CHINA'S UNIFICATION FORCING JAPAN TO REVISE HER ATTITUDE

The liquidation of the Liangkwang trouble has caused a change in the attitude of Japan toward China, says a *Central News* dispatch from Tokyo. The misconception held by many Japanese that China would never be unified but remain in a disorganized state was shattered by the quick suppression of the recent recalcitrant move in the south by the Chinese Government. Japanese political-

circles are witnessing a unified China emerging from chaos. Genuine unification of the nation, they realize, may not be far ahead as obstacles to this end are being removed by the Chinese Government and the general desire for national unity is becoming more apparent. In view of the changed situation in China Japanese intellectual circles are clamoring for a change of Japan's traditional policy vis-a-vis China which was formulated under the false impression that she would never become a unified state. Representative of this attitude of the Japanese intellecturals is Rikuro Takagi, who, in two articles on China published in the *Revue Diplomatique* and the *Bungeishunjyu* respectively, reviewed China's progress in aviation, railway and highway reconstruction, banking, currency reform, political administration, etc,. and urged the Japanese people to try to understand the New China. He declared that if Japan's China policy should be left in the hands of those who know only the old China, it would simply lead to confusion and blunder. Most convincing is the article on "Change of Japan's Policy Toward China," written by Shinji Sogo, manager of the Hsin Chung Company, a Japanese firm affiliated with the South Manchuria Railway, which was published in the September issue of the *Bungeishunjyu*. He said, "If we want China and Japan to be sister nations, cooperating for the maintenance of peace in the Far East and the promotion of welfare for both peoples, we cannot but admit that Japan's policy toward China in the past has been a failure. Japan has been asking China to readjust her relations with the Island Empire, Japan should do likewise and thoroughly reorient her policy toward China." Unosuke Ohta, well-known Japanese journalist, also stresses the necessity of readjusting Japan's China policy. In an article entitled "China Is Completing Her Unification," published in the September issue of the *Japanese Review*, he declared:

"So long as China has no peace, there can be no peace in the Far East. So long as China has no full independence there can be no real cooperation between her and Japan. Under present circumstances it is necessary for Japan to change her attitude toward China".

GROWING UNREST NOTED AMONG EXTREMISTS IN JAPAN

Discontent from the right and the left, which has been disturbing Japan's political current since the lifting of the martial law last July, is daily gathering momentum and menacing the peace and order of the country, according to a significant report of the Chief of the Police Affairs Bureau of the Interior Ministry read during the opening session of the All Country Police Conference at Tokyo Sept. 7. Since the military purge following the February revolt, the report stated, dissatisfied elements from the extreme rightist camp have changed their traditional tactics by broadening their fighting front and popularizing their ideals. Their scope of activities have also been widened. Much significance is attached to the report, especially veiwed from the fact that two opposing extremist camps are dominating Japan's political horizon just now. On the one hand, the fascists are organizing a national front, while on the other the anti-fascists are organizing a popular front. The opinion of the majority at the meeting, it is learned, is that most drastic measures should be resorted to in suppressing the populist movement, in order to avoid a clash between the two extreme camps.

Chang Hua-fu, Wang Wen-hsuan and Chu Shih-chin have been appointed to attend the military manoeuvres in Japan as representatives of the National Government. They will leave for Japan within a week, according to a *Reuter* report from Nanking. Sept. 7.

HIGH JAPANESE ADVISERS FOR HOPEI-CHAHAR COUNCIL RECOMMENDED

Central News reported from Tokyo Sept. 6 that the North China Garrison Force is recommending the appointment of Lt.-Gen. Yoshitsugu Tatekawa, former commander of the Fourth Division, and Col. Kingoro Hashimoto as Supreme Political and Military Advisers respectively to the Hopei and Chahar Political Council. Special significance is attached to the recommendations in view of the fact that both Gen. Tatekawa and Col. Hashimoto are rumoured lately to be leading right wing coalition for open political struggles. Gen. Tatekawa and Col. Hashimoto were only recently transferred from active service to first reserve list effective on August and September this year respectively.

The staff and activities of the Japanese Consulate-General in Tientsin will be considerably expanded following the arrival of the new Japanese consul-general. The budget of the Consular Police has been fixed at $147,930 for the year commencing October and the number of Japanese Consular Police will be increased to 300 men, reported *Shun Pao*, Sept. 5.

YOUNGER OFFICERS OF KWANTUNG ARMY DEMAND POSITIVE ACTION

At a meeting of the Kwantung Army in Changchun Aug. 21, the young officers of the Kwantung Army strongly advocated an immediate occupation of Tientsin and Peiping, according to a report in *Laichow Jih Pao* Aug. 24. Upon receipt of this information, General Sung Cheh-yuan is now making frantic preparations to cope with the situation.

A group of 30 Japanese officers left Tientsin Sept. 2 for an investigation tour in Shansi. It is understood that a portion of these Japanese officers will remain in Shansi to conduct publicity and information work. Meantime, a Japanese plane visits Taiyuan, capital of Shansi, once every week.

29TH ROUTE ARMY SAID PREPARING TO FIGHT JAPANESE

At a high military conference of the 29th Route Army at Peiping Sept. 4, it was decided to take definite action to resist the Japanese, according to *Shanghai Nichi Nichi*. It was unanimously agreed to make Paoting as the first line of defense, Shihchiachwang as the second line of defense and the Yellow River as the last line of defense. General Sung Cheh-yuan, Commander-in-chief of the 29th Route Army, is now apparently overpowered by the commanders of several divisions, who have been influenced by General Feng Yu-hsiang's Anti-Japanese ideas.

A threatening rift in the ranks of the command of Gen. Sung Cheh-yuan's 29th Army has been averted as the result of meeting of the officers held during the night of Sept. 6 at Peiping, reported *Shanghai Nichi Nichi* Sept. 7. The moderate or pro-Japanese elements, represented by Gen. Chin Teh-chun, mayor of Peiping, were supported by Gen. Sung and succeeded in bringing into line the radical tendency led by Gen. Fang Shih-an, one of the division commanders.

The Blue Shirt organization is becoming more and more active in North China. Its headquarters are located at Paoting and the leading role in its activities is played by Kwan Tien-hsi, commander of the First Gendarmerie Battalion, according to a *Nichi Nichi* report Sept. 7.

Chen Chueh-sen, Managing-Director of the Peiping-Liaoning Railway Administration, is reported to be experiencing difficulties in maintaining his position. It is stated that Mr. Chen is attempting to obtain Japanese help to keep him on the job.

Ko Ting-yuan, member and concurrently Secretary-General of the Hopei-Chahar Political Council, and Liu Che, member, have both tendered their resignations to General Sung Che-yuan, the Chairman. Despite the persuasions of General Sung, the two officials have definitely decided to quit.

WANG KEH-MIN MEETS WITH HOSTILE RECEPTION AT TIENTSIN

Wang Keh-min, who has been offered the post of chairman of the Economic Commission of the Hopei-Chahar Political Council, had a hostile reception when he arrived at Tientsin Sept. 8 from Dairen. Representatives of so-called "popular bodies," including about 130 members of the Oriental Association and the Union for the Promotion of Peace, congregated on the wharf, waving banners, distributing pamphlets and posting bills denouncing Mr. Wang as a "tool of the Nanking Government." A deputation boarded the ship and demanded to know the purpose of Mr. Wang's "mission" in North China. Chinese detectives surrounded the deputation, but, otherwise, did not attempt to molest them. The delegates were persuaded to withdraw, after which Mr. Wang was escorted ashore by detectives. Thirty uniformed police, with drawn pistols, met him on the wharf and took him to safety amidst hostile cries from the organised demonstrators. With armed guards mounted on the running-board of his car, Mr. Wang then proceeded to a residence in the British Concession. In an interview, Mr. Wang refused to comment on the situation. He was still uncertain, he said, whether or not to accept the chairmanship of the Economic Commission. No date had yet been fixed, he added, for his visit to Peiping or his return to Shanghai.

Mr. Wang Keh-min

After months of urging Wang Keh-ming to accept the chairmanship of the economic bureau of the Hopei and Chahar Political Council, Japanese newspapers and military spokesmen on Sept. 7 suddenly unloosed a venomous attack against the former chairman of the now defunct Peiping Political Council. Characterizing Mr. Wang as a "tool of Nanking," Japanese editorials alleged that he was bringing $6,000,000 northward to aid Nanking banks in North China, according to a *United Press* dispatch from Tientsin.

Wang Keh-min left Dairen for Mukden Sept. 5 for an important conference with the commanders of the Kwantung Army, reported *Lib Pao* Sept. 7. While in Dairen, Mr. Wang exchanged opinions with the authorities of the South Manchuria Railway concerning the Sino-Japanese economic co-operation in North China.

Renewed tension is being felt in East Suiyuan as a result of the concentration of large numbers of bandits in Shangtu, according to a *Reurtes* report from Peiping Sept. 8. The brigands are under the chieftainship of Wang Ying, who led the last attack on Suiyuan. The message adds that Manchukuo troops are being sent from Changpei to Shangtu, but this is not confirmed.

Lieut.-General Chiang Po-cheng, Chief Counsellor of the Military Affairs Commission, arrived at Tsinan from Nanking Sept. 2. He was welcomed at the station by General Han Fu-chu, Chairman of Shantung. Lieut.-General Chiang announced that his chief mission there was to give guidance in the election of Shantung and Tsingtao delegates to the National People's Congress.

REINCARNATION OF DALAI LAMA UNKNOWN IN NANKING

Inquiries made at official quarters Sept. 2 failed to confirm foreign reports that the reincarnation of the Fourteenth Dalai Lama has been found in a certain child whose whereabouts are now kept a secret. Responsible circles questioned about the report said they have received no report from Tibet to that effect. They add that comment on the matter will be withheld pending official communique from Lhasa.

MISSIONARIES REPORT RUSSIANS CO-OPERATING WITH CHINESE REDS

Kansu province has been invaded by large number of reds, reported *United Press* from Hankow Aug. 33. Attracted by the good harvest, Reds flooded into Kansu from Shensi, advancing along the Sian-Lanchow bus route, it was said. Other bands of Reds were reported to be marching on Titao and Hochow. Missionaries from the invaded area, who have temporarily evacuated to Lanchow, reported meeting a band of well-dressed Russians en route, and expressed the belief that Soviet Reds were planning active co-operation with the Reds of China. Shensi was reported free of Reds except in the northwest corner of the province.

Military advices received at Lanchow Sept. 7 stated that following several sanguinary encounters between Government troops and red marauders, southern Kansu, which for several months has been infested with communist bandits, is now cleared of red menace. The remnant reds, according to the reports, are now fleing in a northern direction to Weiyuan and Lintiao. Although his multifarious duties prevent him from personally direct-the campaign, Gen. Chiang Kai-shek has always maintained the closest touch with red suppression developments in the Northwest. In recognition of their gallant defense of Minhsien, an important strategic point in southern Kansu, Gen. Chiang has rewarded the troops of Gen. Lu Ta-chang commander of the fourteenth division, with $4,000. Gen. Lu's troops are now hotly in pursuit of the fleeing reds. A group of 70 red captives, most of them still in their teens and pressed into service in Szechwan and Sikong, were escorted to Lanchow. Weary, starving and in tatters, they present a pathetic sight and bespeak the plight of their brethren elsewhere.

A circular telegram forbidding public functionaries in Kansu to flee and abandon their duties on the first alarm of the arrival of the Reds, has been received from General Chiang Kai-shek by the Lanchow (Kansu) Pacification Headquarters, of which Gen. Chu Shao-liang is director. General Chiang declares that the district magistrates will be held responsible for defending their cities and for the maintenance of local peace and order. They must live or die with the cities. The various grades of public functionaries, being entrusted with official duties, will be liable to execution or imprisonment if they escape on receipt of a first alarm or for any other pretexts.

General Chu Shao-liang of Kansu has reported to the Government, stating that the Communists under Chu Teh and Hsu Hsiang-chien, are now marching toward western Kansu after having failed in their attempt to occupy Mien Hsien, which at one time was seriously threatened. The Reds have now changed their tactics. Formerly they have always kept their best units in the rear, while recently they have sent their best troops to lead frontal attacks.

According to *Chengchow Jih Pao* Aug. 30, Lotien and five other districts in eastern Honan have been occupied by the Communists.

According to a dispatch from Chengtu, the Communists in Sikong and Szechuan have now entirely entered Kansu from three directions. The 1st and 2nd groups led by Hsu Hsiang-chien, Chu Teh, Hsiao Keh and Ho Lung have now reached Chienkiang and Mien Districts, while the 3rd Group is marching toward Kansu through Kaotan and Maoerkak.

The units of the newly organized 14th Division under Gen. Lu Ta-chang have again successfully repulsed the Red invaders in Minhsien, southern Kansu. The Reds invading Minhsien consist of the 5th, 9th, 30th and 31st Armies, personally led by Hsiao Keh, Ho Lung, Hsu Hsiang-chien, Chu Te and Chang Kuo-tao. After several severe engagements on Aug. 18 and 19, the Communists were repulsed and Minhsien is now safe from further Red incursions.

COMMUNISTS ON FUKIEN-KWANGTUNG BORDER RENEW ACTIVITIES

The Communists have renewed their activities along the Fukien-Kwangtung border. According to latest reports, the 3rd Route Army of the Communists have occupied the cities of Changpu, Pingwu, Yungshiao and Shao-an in southern Fukien. Troops of the Government's 75th Route Army have been ordered to suppress the Reds.

Chang Tsang-shui, bandit leader of the 3rd Red Regiment which has been pillaging the southeastern districts of Fukien, has, succumbed to wounds received during a recent battle with government troops, according to a *Central News* report Aug. 24.

Central News reported Aug. 21 that Pingho and Nanchin in southern Fukien had recently fallen into the hands of bandits under Chang Ho-shan, Chang recently returned there from Hongkong, Styling himself as "Commander of the South Fukien National Salvation Army," he has exacted more than $100,000 and imposed a head tax in the two districts he had occupied. General Chiang Ting-wen, Pacification Commissioner for Fukien, has dispatched troops there to round up the marauders.

A *Shun Pao* dispatch from Foochow Sept. 3 stated that a large number of Communists have appeared in districts between Lochang and Changloh in Fukien. One of the Communist leaders is said to be a woman who claims to be the wife of Fang Chih-min, Chinese Red leader who was executed last year.

Wu Peng, the most notorious bandit chieftain in southern Fukien, is now behind the bars in a jail in Amoy, according to *Central News*, He will shortly be sent to Changchow for trial.

Wuyuan, an important city in Anhwei, has been occupied by the Red forces, according to a report in the *China Times* Sept. 3. General Chang Fa-kwei, commander of the Communist -suppression Forces on the Fukien-Chekiang-Anhwei border, has dispatched four regiments of troops there to suppress the Red marauders.

NEW POLITICAL AFFAIRS DIRECTOR OF EXECUTIVE YUAN STARTS WORK

Dr. Franklin Ho, until recently Director of the Economic Research Institute of Nankai University, Tientsin, assumed his new duties Sept. 5 as Director of the Political Affairs Department of the Executive Yuan. Succeeding Dr. T. F. Tsiang, newly appointed Chinese Ambassador to Soviet Russia, Dr. Ho arrived in Nanking from Tientsin Sept. 4.

Dr. Franklin Ho

SECRET MEETING BETWEEN GEN. FENG AND THE SOVIET CONSUL

A secret meeting was held between Gen. Feng Yu-hsiang, Vice-Chairman of the Military Affairs Commission, and Mr. Spilwenek, Soviet Consul-General in Shanghai, in Hangchow Sept. 3, according to a report by *Shanghai Nichi Nichi*. While the results of this meeting were not known, it is understood that Gen. Feng is now doing his best to persuade the Nanking authorities to effect an alliance with Soviet Russia for a joint campaign against the Japanese. At the same time, Soviet propaganda and Soviet-Franco co-operation work in Shanghai are in full swing. The Soviet co-operative Agency on Peking Road has recently appropriated a large sum for publicity work and for the purchase of machinery from Puyien. Soviet agents are also extremely active in student and public organizations in Shanghai.

Shanghai Mainichi reported Sept. 3 that while en route to Hangchow, Gen. Feng met the Soviet officials and had several secret negotiations with them. While attending the ceremony of Huang Kwang-jui's (former Commander of the Canton Air Force,) assumption of his office as President of the Central Air Force Adacemy, Gen. Feng gave a very strong anti-Japanese speech there.

Ending his short summer vacation at Kuling, General Feng Yu-hsiang arrived at Nanking via Hangchow and Soochow by train Sept. 3. Replying to inquiries of press representatives, General Feng said that the proposed general amnesty, which has been endorsed by the Central authorities, will be announced in due course. As the Government leaders are all in favor of the peaceful solution of the Kwangsi dispute and similar views are held by General Chiang Kai-shek, General Feng said that the trouble will be settled amicably. In order to preserve the national strength, every effort should be made to avoid civil war.

The present acute national crisis is, in a way, a blessing in disguise, for it stimulates the Chinese people to struggle and work hard instead of living a leisurely and carefree life. This opinion was expressed by Gen. Feng Yu-hsiang when speaking at the weekly memorial service held at the National Government Headquarters Sept. 7. Testifying his opinion, the "Christian General" cited an ancient Chinese proverb which says: "A nation which has no enemies and is under no menace of alien aggression will usually fall". "Just as the sons of a rich family who ruin their lives through dissipation and extravagence, a nation in too favorable circumstances is in danger of being conquered," Gen. Feng said. History, Gen. Feng pointed out, is full of instances in which states rose or fell according to the weakness or the strength of the efforts exerted by their people to work for internal welfare against external danger. Luxury and ease of life have also caused the downfall of many a nation, said Gen. Feng. In conclusion, the Christian General exhorted the whole nation to discard their bad habits such as laziness and perfunctoriness and to pull themselves together in order to tide over the national predicament and stabilize the foundation of the state.

Shun Pao reported Sept. 7 that Wang Ching-wei, former President of the Executive Yuan, will return to China in the middle of October.

New Life Movement Abolishes Canton Gambling

BY THE REVIEW'S CANTON CORRESPONDENT

THE New Life Movement sponsored by General Chiang Kai-shek has come to stay in Kwangtung. For the past two weeks the Canton Municipal Government and the Kwangtung Provincial Government have introduced for the first time in the history of Kwangtung the many principles of this Movement which in general aims at the lifting of moral character and preaching a disciplined living. But first and foremost in importance is the abolition of gambling and opium as taught by the adherents of this national movement. The Government is praised for its courage and for the manner in which the new administrators show a willingness to sacrifice the annual revenue, amounting to over $30,000,000 per annum from gambling taxes alone. The $30,000,000 gambling tax constitutes about forty per cent of the sum total of Kwangtung's Government revenues. In this connection a writer recently pointed out that Chum Chun's gambling syndicate paid an annual tribute of $20,000,000 to the former Government in taxes. The closing of the Shum Chun casino with its $500,000 restaurant and dancing halls, fan tan and roulette games is a real blessing to the residents of the British Colony, Hongkong. Hardly a week went by in Hongkong without the newspapers reporting regrettable incidents such as a woman or young man committing suicide after a disastrous flutter in Shum Chun.

Gambling, as it was operated in Shum Chun, not only encouraged extravagance and greed but it was the common ground for breeding all sorts of crime.

With the abolition of Government monopolies and consolidated control of the sugar, cement, and other industries the revenues of the Maritime Customs should show marked improvement, which directly will benefit the Central Government. For the purpose of putting the depreciated paper currency of the former regime into a sound position it is stated that the Nanking Government will give sancion for Kwangtung to issue bonds worth $120,000,000, the proceeds thus derived to be used as reserves for the Government notes issued. The bonds will be redeemable in 30 years.

With a balance budget there is little fear that the Canton financial administrators will find themselves in need of resorting to gambling for funds to run the Government. Normally a rich province with satisfactory annual revenues of nearly $100,000,000, Kwangtung is self-contained. It is interesting to note also that the three principal Government banks of China, the Central Bank, the Bank of China and Bank of Communications had promised loans for the Canton Government some time ago, when the Nanking appointees firstly found that the Provincial Treasury was drained of funds by the outgoing officers. This explained why the abolition of gambling was postponed from August 1 to September 1, after the original proclamation by T. L. Soong, the Provincial Treasurer, that the abolition would be started on August 1.

Commercially Canton is facing an unprecedented opportunity for those who are ambitious of developments, as a result of the inauguration of through traffic on the newly finished Canton-Hankow Railway. It is stated that in another year's time this railway will be connected with the Sino-British controlled Kowloon-Canton Railway. This means that goods exported from Canton can go direct by rail to Europe by the longest of the world's rail routes.

When the Government first contemplated abolishing gambling in Kwangtung strong rumors persisted that the gambling franchise holders intended to bribe certain officials with a sum of about a million dollars, but developments on Sept. 1 proved that all new officials of Canton had supported the Government with the greatest sincerity and unselfishness in its edict for the suppression of all gambling houses. In order that the gambling franchise-holders might not have time to petition the Government for extensions, the Canton Treasurer circulated orders for gambling abolition only in the last few days of August. Shum Chun received the order to close down on August 28. The franchise-holders ran their roulette wheels on the night of Aug. 31. In connection with the closing down of the Shum Chun joint, Canton had sent a number of soldiers to the place to assure that the orders of Chiang Kai-shek were obeyed. The Government is seriously considering converting the Shum Chun casino into a school for the education of the thousands of sons and daughters of revolutionary soldiers, who died for the cause of the Kuomintang.

Amazing scenes were witnessed also in the Canton suburb of Honam on the night of August 31, when thousands of gamblers crowded these houses, which paid to the Government a monthly tribute of over $200,000 for running these joints. Although humble in appearance as compared with Shum Chun's fashionable restaurants and imposing flower boats (floating restaurants) houses in Honam attracted good customers from all parts of Canton day and night, as they operated in all hours of the day and night.

As news of the abolition was confirmed by the action of the Government, gambling franchise-holders are at the moment busy negotiating with certain foreign authorities at Shameen, Canton's foreign settlement, for operating a big gambling house there to attract the lost customers of Canton City and openly challenge the authority of Chiang Kai-shek. If opened, the house will not only run roulette, but fan tan and games of dice will be included. In short, the gambling franchise-operators hope to run houses similar to those which existed in the French Settlement of Shanghai some years ago.

Canton, Sept. 4. 1936.

Farnsworth, Under Arrest as Spy, Appeals to Japanese to Aid in Defence

John S. Farnsworth, former lieutenant-commander in the United States Navy, who is under indictment on the charge of selling confidential information to Japanese officials, has appealed to the Japanese Government for aid in his defence, recent advices from Washington stated. Last week, he sent a letter to the Japanese Embassy asking to obtain affidavits from six past and present members of the Embassy staff swearing that Farnsworth had had no illegal dealings with them.

U.S.A. to Build Merchant Marine—350 New Ships May Be Built

A preliminary survey of the merchant marine of the United States was begun by the Shipping Board in Washington, Sept. 3. The future program will possibly embrace the building of 350 new ships, including liners, tankers and freighters, which will be included under the Ship Subsidy Act. The data will be submitted to the Maritime Commission which, so far, has not been appointed.

Don Burdick Makes Murder Attempt on Retired Railway Magnate

Don Burdick, a former Shanghai business man, was placed under arrest in Norwalk, Conn., Sept. 5 for attempted murder of Harry E. Byram, aged 75, a millionaire and former president of the Chicago, Burlington & Quincy, and the Chicago, Milwaukee & St. Paul railways. Mr. Burdick was held under a bond of $100,000 and a guard was placed at his bedside in a hospital, where he was taken following a motor car accident in which his skull was fractured when his machine crashed into a stone wall. Mr. Byram, several times a visitor in the Far East, likewise is in a hospital, recovering from superficial gunshot wounds which the police allege were inflicted by Mr. Burdick after an argument at Mr. Byram's Westport estate regarding the approaching marriage to a Mrs. Evans, which Mr. Burdick feared would take the Byram fortune from his wife, daughter of Mrs. Byram. Mrs. Evans will be Mr. Byram's fourth wife. Mr. Byram at first stated that he did not wish to prosecute, but later told the Connecticut authorities that be would press the charge.

Landon Leads in First of "Literary Digest's" Straw Votes

Alfred Landon, Republican nominee for the Presidency, is leading Roosevelt in the first returns of the nation-wide "straw vote" being conducted by the *Literary Digest*, it was announced Sept. 4. Returns from the first 24,000 ballots cast in Maine, New Jersey, New York and Pennsylvania gave Landon 16,056 votes, Roosevelt 7,645 and J. Lemke, 745. Attention was called, however, to the fact that none of the votes received so far are from the cities of New York, Philadelphia or Pittsburgh, where President Roosevelt's candidacy is expected to make its strongest appeal.

President Roosevelt Warns Against Class Dissension

In a "fireside" radio address to the American public Sept. 6, President Roosevelt issued a warning that America must build an orderly economic democracy if she is to avoid a growth of class dissension, which has in other countries led to dictatorship."

Kuomintang to Take Action to Check Labor Movement in Shanghai

Representatives of the Kuomintang Headquarters and the Social Affairs Bureau met in an important conference in Shanghai Sept. 6. The *Min Pao* stated the meeting was presided over by Pan Kung-chuan, head of the Social Affairs Bureau. Among the decisions reached at the meeting were that no factory is to be permitted to close without first obtaining permission from the authorities of the local Municipality, nor are workers to be allowed to declare any go-slow strike without proper reasons. The Kuomintang Headquarters in Shanghai is to be vested with the authority to organize the workers of any factory which has no proper organization so that they will not be utilized by the Communists.

Hupeh to Build a Chain of Godowns and Build Vessels to Transport Produce

Acting under instructions from Yang Yung-tai, Chairman of the Hupeh Provincial Government, the Hupeh Provincial Bureau for the Readjustment of Transportation and Sales of Agricultural Products has drawn up a development program. A chain of godowns will be established in Hankow and hulks purchased. Four additional shallow-water vessels will be built especially for agricultural transport.

British Strengthen Defences at Hongkong and Kowloon

A Hongkong message dated Sept. 5 to the *Shun Pao* stated that feverish military prepations are being made by the British authorities in Hongkong. While efforts are being made to join Singapore and Hongkong by air line, two air force detachments and two divisions of land forces, totalling about 12,000 men, have been stationed in Kowloon, on the border of Kwangtung Province. The military center has been shifted to Kowloon. In addition to this, the British authorities have installed latest pattern guns and anti-aircraft guns on Liyumen and other islands. In important naval exits, additional workers have been employed to complete the construction work of underground fortifications. In Kowloon, a new airdrome is also about to be completed, capable of accomodating 500 planes. A sum of £20,000,000 has also been appropriated by the British Government for the erection of new barracks in Kowloon, which are to be capable of accomodating six divisions, about 36,000 men. Anti-air maneuvers will be staged in Hongkong sometime in October. Anti-air apparatus is being shipped to Hongkong, and safety zones have been established in mountainous districts, which are capable of accomodating 170,000 people.

Singapore Defences Tested

British naval and military maneuvers tested the defences of Blakang Mati, a fortified island protecting the approach to Singapore, late on the night of Sept. 4. The western entrance to the harbor was closed shortly before midnight while the maneuvers were in progress. Artillery forces participated in the defense.

Japanese Navy Confident That Claims Will Be Accepted

Japanese navy circles were represented by the Tokyo press Sept. 3 as being confident that Japan's reply to the British memorandum of July 15 on the retention of extra destroyer tonnage would be accepted by Britain. The British note invoked the escalator clause of the London Naval Treaty in order to retain an excess destroyer tonnage of 40,000 tons. Japan is consequently entitled to retain an excess destroyer tonnage of 28,000, which corresponds to 70 percent of the British retention, officials were said to have explained. Owing to a lack of sufficient excess destroyer tonnage the Japanese Government, in a note sent to the British Government on Sept. 2, communicated Japan's intention to retain an excess submarine tonnage of 15,598, total of 26,657 tons.

Officials in Tokyo were reported to have pointed out that the London and Washington naval treaties would be terminated within four months and that it was more in conformity with the spirit of naval disarmament for Japan to retain excess submarine tonnage, without scrapping, than to build new destroyers corresponding to 70 percent of the British retention.

U.S. Follows Japan and Britain—To Retain 40,000 Tons of Overage Destroyers

The United States Sept. 3 officially notified both Great Britain and Japan that it had "reluctantly" decided to follow their example and retain 40,000 tons of overage destroyers originally intended for scrapping under the London naval treaty of 1930.

Secretary of State Hull said that the United States had not been notified formally of Japan's reported decision to retain a number of over-age submarines, but it was indicated in other quarters that the United States will probably follow suit in retaining submarines as well as destroyers if either or both of the other powers do so.

Strong Sentiment for Anglo-Japanese Accord Said Prevailing in London

With the growing realization that Great Britain cannot hope to maintain her Far Eastern interests without Japanese support, the sentiment is growing in England for an accord between London and Tokyo, Keinosuke Fujii, counsellor of the Japanese Embassy in London, stated on his arrival in Tokyo Sept. 8, returning on his first leave of absence in seven years.

Author of "Ways That Are Dark" Says Americans in China Look to Britain and Japan for Protection

Any hostilities which may take place in China at the present time are "for loot, not principles," declared Ralph Townsend, former United States consular official stationed in the Far East, in an address to the Rotary Club in Fresno, California, Sept. 5. Taxes to pay the costs of hostilities, the speaker asserted, are "farmed out to the highest bidder, who collects for an entire year every two weeks," thereby resulting in overdue payments extending through 1990. Americans residing in China, Mr. Townsend asserted, look to the British and Japanese authorities for protection. The United States, he added was not greatly impressed by Chinese pleas for intervention at the time of the Japanese invasion, "because of the ill-treatment accorded Americans in China in the past." Mr. Townsend gained considerable notoriety recently as the author of "Ways That Are Dark."

British Envoy to China Stops Over in Japan—Due Here Next Week

Sir Hughe Montgomery Knatchbull-Hugessen, new British ambassador to China, artived in Yokohama Sept. 5, accompanied by Lady Knatchbull-Hugessen, their son and their daughter. He immediately proceeded to Tokyo, stopping briefly at the British Embassy, and then continuing his journey to Lake Chuzenji, where he was the guest for five days of Sir Robert Clive, the British Ambassador, and Lady Clive. Sir Hugh and his family were scheduled to sail for Shanghai from Kobe on Sept. 11 by the s.s. *Chitral*.

Sir Hughe spent two hours in conversation with Mr. Arita, the Japanese Foreign Minister, on Sept. 8. He afterwards attended a luncheon in his honor given by the Nipponese official. Sir Robert Henry Clive, British Ambassador, was also present. In this connection it was recalled that Sir Hughe had exchanged views on China with Sir Frederick Leith-Ross, economic advisor to the British Government, who spent nine months in Shanghai recently, and Shigeru Yoshida, Japanese Ambassador to the Court of St. James, before leaving London en route to his post.

Peaceful Aims of British Reiterated by New British Ambassador

In an interview granted the correspondent of the *Central News Agency* in Tokyo Sept. 8, Sir Hughe Montgomery Knatchbull-Hugessen said British policy towards the changing situation in the Far East remains the same now as ever. As Britain's utmost interests in China are economic, especially the development of her trade with China's teeming millions, she will not deviate from her avowed course in preserving these interests by steadfastly maintaining friendly relations with China. In fact, it is the view of the British Government that full measure of co-operation, not only between Britian and China, but also between Britain and Japan and China and Japan, is of the utmost importance in attaining Britain's ends, hence it would be her prime concern in promoting the good relations of the three countries.

Discussing the negotiations in Tokyo between the new British ambassador to China, Sir Hughe Knatchbull-Hugessen, and officials of the Japanese government, the *Shun Pao* commented:—"It is most extraordinary for a diplomat to discuss problems pertaining to the country to which he is accredited before he has presented his credentials and assumed office. In the present case, however, it is understandable. Both Britain and Japan are eager to arrive at common aims."

Great Britain Criticized for Her Aloofness by Col. Stimson in New Book

Any agreement between Japan and the United States on the Manchurian situation is impossible at present because "no arrangement which would be consented to by Japan would be other than destructive and repugnant to China," Col. Henry L. Stimson, Secretary of State in President Hoover's Cabinet and former Governor-General of the Philippines, states in his new book "The Far Eastern Crisis" which was published in New York Sept. 8. Col. Stimson criticizes Great Britain for failing to co-operate with the United States at the time of the Japanese invasion of Manchuria, which, he says, was a rebuff to Washington after a policy of non-recognition of territory acquired had been forcibly enunciated. The failure of Great Britain to take a firm tone against Japan at this time, Mr. Stimson declares, destroyed any Japanese belief in Anglo-American co-operation and aided Japan's main argument that China's disunion prevented the application of treaties.

Recent Appointments and Movements in Chinese Official Circles

Gen. Liu Hsiang, chairman of the Szechwan Provincial Government is seriously ill at Chengtu. Dr. Liu Hui-sen proceeded from Shanghai by airplane to attend the patient.

After having vacationed at Kuling for one month and half, Lin Sen, Chairman of the National Government, returned to Nanking aboard the gunboat *Yungsui* Sept. 8, accompanied by Admiral Chen Hsun-yung, Administrative Vice-Minister of Navy, Messrs. Lu Chao and Wei Hwai, Directors of Military Affairs and Civil Affairs Departments of the National Government.

The League of Nations Association of China Sept. 3 appointed Dr. C. C. Wang, Chairman of the Chinese Government Purchasing Commission in London, and Liu Chia, noted economist, Chinese representatives to the forthcoming conference of the International Free Trade Promotion Association in London.

Kung An-king, Chinese Consul-General in Moscow arrived in Tsingtao Sept. 7 from Peiping to call on Dr. W. W. Yen, former Chinese Ambassador to the U.S.S.R. Mr. Kung declared that his visit to Dr. Yen is a personal one.

That the National Government be petitioned to confer an Order of the Brilliant Jade of the Third Class on Chow Shou-yu, special envoy of the Government to escort the Panchen Lama back to Lhassa, was decided upon by the Executive Yuan Sept. 8.

Gratification was expressed at Hongkong Sept. 8 by Dr. Wang Chung-hui, former Judge of the Permanent Court of International Justice at the Hague, over the amicable liquidation of the Kwangsi impasse and the realization of genuine national unity.

What My Life Is Really Worth

BY T. S. YOUNG

A LIFE insurance agent has just approached me to solicit my business. As a salesman, he, of course, has a glib tongue, and knows how to assail the weak spot of human psychology. In the course of our short interview, he has said, "What! an educated man like you has not yet bought any life insurance! How strange! Men in foreign countries, rich and poor, have all had their lives fully covered with insurance. How is it possible that an intelligent man like you is so short-sighted as not to give some sort of protection to your wife and children? According to my estimate, your life is at least worth $10,000....."

Is my life really worth so much? It may, undoubtedly, mean something to my wife and children, for they have depended upon me for their livelihood. But in a broad sense, can my life be really worth something? The valuation placed on my life by the insurance agent does not tally with my own estimate of my poor self. With no pretensions whatever, my conscience forbids me from practising fraud upon an insurance company by attaching a false value upon my life, which, according to my own conviction, does not appeal to me as being worth anything.

Looking at my mirror, I find nothing either new or amiss on my face. To be specific, I have still the same slant eyes, snub nose, black hair, and yellow skin as I always had before. And what is the worse is this, that I am still a 100% Chinese. Is the life of a Chinese worth as much as $10,000? I certainly think not. In the eyes of many of our foreign friends, the life of a Chinese can not be worth more than that of a dog. What should they care about in killing or causing to kill a few hundreds of Chinese, when the number of Chinese population is as many as over 400 million? The life of a Chinese is nothing, according to their considered opinion, inasmuch as every year thousands have been killed in internecine warfare, and many more thousands have perished from famine.

Beyond a doubt, the life of a Chinese is indeed nothing. Here in the International Settlement or in the French Concession, it is not infrequent that a Chinese has been either beaten to death or thrown into the Whangpoo by the foreign police sergeants. Such an incident has occurred so often in this so-called "Island of Safety," that even the Chinese themselves have looked upon the occurrence with nonchalance. Moreover, when a Chinese is knocked down and killed by a speedy car driven by a foreigner, the case can usually be settled by the payment of a compensation of not more than $200. But when a pet dog owned by a foreigner is killed by a Chinese motorist, the damage required to be paid to the owner is sometimes as much as $500.

Lives of Overseas Chinese Also of Little Value

The life of an overseas Chinese is even of less value. The many Chinese who have pursued trade in foreign countries have literally taken their lives in their own hands. No Chinese warships have plied in foreign waters to look after their interests, and no Chinese marines have been dispatched to foreign ports to protect their lives and properties. They have been left to be oppressed and persecuted by the aggressive foreign governments. In the present gruesome Spanish civil war, while other countries have sent their warships to Spanish ports to convey their nationals to places of safety, our officials have not yet turned their thoughts to the welfare of our war-stricken fellow-countrymen in Spain, although it is known that quite a few of our nationals have been left in the different zones of danger.

Oftentimes, the overseas Chinese have been massacred in wholesale fashion in some of the foreign lands. In the Summer of 1931, the Koreans, under the very eyes of their Japanese overlords, launched a violent anti-Chinese movement throughout the "Hermit Land." As a result, thousands of Chinese traders were either murdered in cold blood or seriously wounded, and hundreds of Chinese business houses were ransacked and burned down. Did the Chinese victims receive compensation? The diplomatic representations made by the Chinese Government brought back nothing but some empty words of sympathy from the Japanese Government. Not long ago, in Mexico, a similar anti-Chinese movement, but of a less violent nature, was conducted by the Mexicans, and most of the Chinese traders had to give up their long-established business and return home in a destitute condition.

In face of these actual happenings, how can I presume to attach any value to my unprotected life? Right here in the International Settlement, one day I may be beaten by an infuriated foreign police sergeant or even by a grim-visaged Sikh without the slightest provocation on my part. Can my family expect any redress from the Shanghai Municipal Council? I do not entertain such a hope. Again, suppose I go to Japan or Korea, and fall into the hands of Japanese or Korean rioters. Will my Government have the courage to point a finger of condemnation and tell the Japanese officials in unmistakable terms that such a murder is a clear manifestation of anti-Chinese feelings prevailing among the Japanese people? Will our cabinet ministers hold emergency meetings to draw up demands to be presented to the Japanese Government? Will our Ambassador in Japan bother himself about making inquiries of and lodging protests with the Japanese Government? And will our obsolete warships be held ready to steam to Yokohama for enforcing our demands in the settlement of this incident. I dare not even dream of such things.

In deploring the worthlessness of my own life, I sometimes can not help admiring the high value which has been habitually placed upon the life of a Japanese in China. The Japanese, to be sure, have the same features as we Chinese. The life of a Japanese in his own country may not be worth a candle, but once he has set his foot on the soil of China, the value of his life is instantly worth as much as his weight in gold. He can kick and beat the Chinese as he pleases, but no Chinese is supposed to hurt the tender skin and sensible feelings of a Japanese. As China is a vast country and the Chinese Government can not afford to accord every Japanese with the protection of a Chinese policeman, it is altogether natural that some untoward incident may happen to some Japanese, especially at the time when the Sino-Japanese relations are far from being cordial. Should a Japanese be either murdered or killed, the incident would instantly turn out to be a very grave affair, which would result in endless investigations, diplomatic representations, Japanese military movements, and Chinese apologies and payment of compensations.

Last November, the murder of a Japanese marine in the neighborhood of North Szechuen Road nearly caused another Japanese invasion of Shanghai. Both the Chinese Police and Settlement Police spent many sleepless nights, and offered high rewards for the apprehension of the murderers. Even to this day, the case is till being heard in the local Court. Not long ago, a simple Japanese clerk employed by a local Japanese firm was shot dead in Chapei, and this incident also became the cause of many representations made by the Japanese diplomatic officers to the Chinese Government. The Chinese Police once again offered a big reward for the apprehension of the murderers.

The High Value of a Japanese Life

While the Chinese Government has been over-solicitous for the safety of Japanese lives and properties in China, Fate seems to be persistent in defeating its purpose. Recently in Chengtu, Szechuen, two Japanese newspaper men were killed by a mob, while two others were wounded. The Chinese authorities have lost no time in repeating their apologies and making profuse promises in paying liberal compensations both for the dead and the wounded. The Japanese, of course, can not be expected to bury this incident by merely accepting apologies and compensations. Look, what an active interest is taken by the Japanese officials in this case! The officials here, both diplomatic and military, have flown to and fro to make investigations, compare notes and held conferences; while the big officials in Tokyo have held emergency meetings, issued instructions and made reports to the Emperor. To all intents and purposes, this incident will be fully played up and exploited by the Japanese diplomats and militarists to the advancement of their causes.

We do not care about the possible result of this incident, but what interests us is the relative value of a Japanese life as compared to that of a Chinese life. Are we not both the sons of Adam? The pigment of the skin of a Japanese is neither a shade whiter nor a shade darker than that of a Chinese. Then why is there such a big difference?—When a Japanese marine was murdered, protests and demands were thrust upon the Chinese authorities; when a Japanese clerk was shot dead, the Chinese Police had to offer a high reward for the apprehension of the murderers; when two Japanese newspaper men were killed, the whole of China was put in a state of suspense as if facing a great danger; but when hundreds of Chinese were massacred in Korea a few years ago, did the Japanese officials undertake to apprehend the leaders of the rioters, to pay compensations and to guarantee that no similar incident would occur in future?

This difference convinces me that it is a piece of high flattery on the part of the insurance agent to place my life at a value of as much as $10,000. Truth to tell, a single Chinese life can be worth little. To go one step further, one may safely assert that the national of a weak country does not carry a valuable life. In saying so, I have no mind to advise my fellow-countrymen against their carrying life insurance, but wish only to point out that their life, just like mine, is really worthless. We have been told that it is better to be a dog in a rich family than to be a man in a poor one. There may be some truth in it, especially in view of the fact that the life of a dog, as I said before, is worth much more than that of a poor man.

The Story Behind the Recent Execution of White Russian Settlers by the Japanese

BY THE REVIEW'S HARBIN CORRESPONDENT

PERSONS arriving at Harbin from Hailar, Western Manchuria, explain the recent summary execution of nine White Russian settlers of the Sanho (The Three Rivers) district by the Japanese military authorities, to the overzealous activities of "stool-pigeons" abundantly placed amongst Cossack settlers of the region by the Japanese Kwantung Army. It is said that every White Russian who came from Siberia after the close of civil war there (in 1922) was placed under suspicion that he might have been sent by the Soviet authorities to spy upon White Russian settlers of the Barga district and to diffuse pro-Soviet sentiments amongst them.

Since the execution of these White Russians coincided in time with the trial in Moscow of the "Trotzky-Zinovieff terrorists," in which the White Russians in Harbin displayed the deepest possible interest, it passed unnoticed somehow. It appears that the Whites are only now taking stock of what had happened in Hailar, especially since the infiltration of rumors about the case.

It is said that the number of arrested Whites, nearly all of them Cossack settlers of the Sanho region, is about 400, all of whom have been brought to Hailar for questioning. The rounding-up of such a big crowd, taken straight from the field work, has naturally created panic in the entire district, those left behind awaiting the worst.

The official statement about the case charges the men with high treason alleging that they had formed an illegal pro-Soviet group and been acting as Soviet military spies. In time of war, they had to assist—it states—the Red Army by armed depredations in the rear of the Japan-Manchukuo armies. The men arrived in the Sahno district in 1924—1925, when the surveillance of the Chinese was not great and settled down amongst Cosasack refugees, also hailing from Cossack settlements across the frontier.

The men were headed by Sharograsoff and Sudakoff, both Cossack officers. Having been brought to Hailar, they went through a strict examination, which clearly established their treacherous connection with the Soviets, it is said. Forty of the men were tried by the Manchukuo court-martial, which sentenced nine of them, including Sharograsoff and Sudakoff, to capital punishment, and the rest to various terms of imprisonment ranging from life penal servitude to five years. Those sentenced to death were shot by a firing squad on August 21.

All Cossacks from the Trans-Baikal Province

An interesting side of the situation is the fact that the men found guilty and those still under arrest are all Cossacks of Trans-Baikal Province. During the civil war in Russia, they served under Ataman Semenoff, a notorious White Russian leader, long known as a Japanese puppet and now a resident of Dairen. How these people could ever come under suspicion is strange and indicates that there seems to be no love lost even between Semenoff's adherents and their Japanese masters.

Up till now the population of the Three Rivers district has been regarded as the most conservative and backward element amongst the Whites of Manchuria. It is composed entirely of Cossack refugees from the other side of the Amgun River. They began to settle the valleys of the Gan, Derbul and Haul, flowing into the Amgun, soon after the outbreak of disturbances in Trans-Baikal Province in 1918-1919. The Chinese authorities welcomed these sturdy and hard-working peasants and allowed them to settle on barren lands of Barga (Hulunbuir) to the north of the Chinese Eastern Railway. The stream of these refugees assumed enormous proportions since the collapse of the White Russian movement in Siberia following the withdrawal of the Japanese expedition in Siberia and the downfall of Semenoff's regime in Trans-Baikal Province.

There is no questioning the fact that these Cossacks were pronouncedly anti-Bolshevik, most of them having taken part in civil war in Siberia under Ataman Semenoff, their leader. The civil war in Russia was marked (as the present war in Spain is) by unspeakable cruelties committed by both sides in which, according to all testimonies, the Cossacks of Semenoff's troops were especially notorious amongst the Whites.

However, this does not mean that the entire Cossack population of Trans-Baikal Province went "white" and fought under Semenoff's banner; a goodly portion of this population joined the Reds from the start of the civil war in 1918 and fought all through till the escape of the Whites from Siberia.

The hatred beeween the Red and White Cossacks appears to be severe, this having been amply demonstrated in 1929, during the Soviet-Chinese conflict, when the Reds had a golden chance to mete out vengeance on White Cossacks; on several occasions, they raided the settlements of White Cossacks in the Three Rivers district, retaliating for the participation in civil war some ten years before. One of such raids occurred October 1, 1929, when a party of Red Cossacks from the other side of the frontier, many of them identified afterwards, plundered a number of villages in the district. In one of them, they killed 62 men, including children, in cold blood.

Since the Sanho district occupies an important strategic position, the Japanese have been paying the utmost attention to it, once virtually closing it for outsiders. Now they appear to have completed the census taking of the population, blacklisting the unreliable and placing "stoolpigeons" where they should be.

Some time before the shooting incident, it was whispered that the Japanese would not allow the inhabitants of the Three Rivers region to move away from their farmsteads, for instance, with a view to residing in a remoter and therefore less dangerous part of Manchuria. It was said that, in such cases, the police would simply refuse the Russians to leave the district, thus compelling them to stay on farms, although many of them, especially the wealthy, tried to leave the district altogether, fearing the outbreak of war. Such policy was explained here by the desire of the Japanese to keep these Cossack refugees near the frontier as long as possible so that, when the war breaks out, they would suffer first, the news about which the Japanese would spread all over world by way of rousing general indignation of all nations, especially White Russians and Europeans generally, against the Red atrocities expected to be committed again in these peaceful hamlets.

However, the discovery of an alleged pro-Soviet plot amongst these Cossack settlers, the final result of which is yet to be seen, puts a new problem for the Kwantung Army whether to continue relying on the fidelity and pro-Manchukuoan patriotism of these adherents of Ataman Semenoff or to remove them from the district altogether as wholly unreliable in case of war.

Should these settlers be removed, their places will doubtless be occupied by Japanese immigrants, who as a rule are being settled near the frontiers, at places exposed to Soviet attacks in case of war, e.g. they are being settled in the Mishan and the Lower Sungari districts, very near the frontiers, whereas they could have found better places in the interior. In this respect, the western frontier district has no Japanese settlers, the population consisting only of Cossacks and Mongols. The patriotism of the Mongols has also become somewhat shaky, especially since the execution of Lin Sheng, governor of Manchukuoan Hsingan Province and his followers.

It is obvious that, except the Japanese, all sections of the population in the "paradise" are under some sort of suspicion, so in order to keep them together more troops and police are urgently needed. It appears that the Mother country, Japan, is prepared to meet this more than half way.

Harbin, September 2, 1932.

Five U.S. Marines in Peiping Plead Guilty to Hoisting Red Flag

A naval court martial sat in Peiping Sept. 4 at the U.S. Marine barracks in try five men in connection with incidents which occurred during August, including the hoisting of a red flag over the marine compound and the assaulting of a sentry on the Tartar wall and the theft of a revolver carried by the sentry. All pleaded guilty to five charges which were: That on Aug. 10 they, to the prejudice of good conduct and discipline, hoisted a red flag over the compound; that on Aug. 12 they assaulted a sentry, E.W. Barrett and stole from him a colt revolver and field glasses, the property of the American government; that they struck and wilfully wounded E. W. Barrett while he was on sentry duty; that they wilfully applied to their own use the pistol stolen from E. W. Barrett; and desertion.

The President (Capt. W. C. Hall) pointed out to the men the implications of their plea of guilty and on these pleas being confirmed no evidence was offered, except in the nature of evidence as to character in mitigation of the offences. Several non-commissioned officers gave evidence as to the characters of all four men. Jameson was spoken of as being considered the outstanding private in his company and a commissioned officer gave evidence that he would have been the next choice for promotion to corporal.

The fifth defendant, Pte. J. C. Dowden, who was charged only in connection with the hoisting of the red flag, also pleaded guilty.

The decision of the court was not announced as it first has to be referred to the Commander-in-Chief and to the Navy Department in Washington.

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Criticism Grows Even Within Japanese Cabinet Against Hirota's Suppression of Press

The Tokyo *Hochi* Aug. 28 stated that behind the Governments's attempt to control the press there is a strife between the Cabinet Ministers favoring maintenance of the status quo and those insistent on reform regarding the 1937 Budget and national policies and also lack of unified views in the Cabinet so characteristic of a coalition Cabinet. As a result of this state of affairs every time any important policy is taken up for debate, the weakness of the Cabinet is exposed. Hence, the attempt, it is discerned, to prevent leakage of this information to the outside.

"Anti-Japanese Books" Flow into Manchukuo from Shanghai and Tientsin

A *Tai Tung* News Agency telegram from Dairen Sept. 4 recorded a report from the Publication Inspections Office under the Kwantung Bureau in Dairen to the effect that a great number of "anti-Japanese text books" had flowed into Manchukuo from Shanghai and Tientsin. All of them were confiscated. It was indicated that a stricter inspection would be imposed to deal with literature of this nature. An editorial in last week's issue of *The Review* gave details of how the Japanese are emasculating Chinese text books and giving them a pro-Japanese coloring. It was entitled :—"Synthetic Text-Books in East Hopei Designed to Denationalize Young Chinese."

Granaries to Be Built by Government to Store Surplus Crops

The harvest this year is extraordinarily good, and the Government is devising measures to store up the surplus produce, General Chiang Tso-pin, Minister of Interior, announced at the weekly memorial service at Central Party Headquarters in Nanking Aug. 31. In recent years about this time, Minister Chiang said, the Government used to receive reports of famine from various rural dictricts. This year, however, no such report has been received at the Ministry of Interior. Moreover, reports of an abundant harvest have been received from various provinces. In Anhwei, Kiangsi and Hupeh, for instance, the harvest this year shows an increase of 40 per cent over previous years. In order to prevent waste of the surplus produce and to protect the interests of the farmers, Minister Chiang continued, measures for improvement of the old and construction of new granaries have been drawn up by the Ministry of Interior and submitted to the Executive Yuan for approval and enforcement.

Szechuan to Establish Agricultural Stations

The Szechuan Provincial Department of Reconstruction has decided to establish three Agricultural Experimental Stations at Hochuan, Mienyang and Luhsien, southeastern Szechuan. The initial expenses have been fixed at $60,000; and the annual maintenance expenses at $40,000.

General Feng Yu-Hsiang on "Patriotism and Christianity"

BY C. Y. W. MENG 孟昭洙

GENERAL Feng Yu-hsiang, formerly the commander of the "Kuominchuan" (or the Nationalist Army), and now the vice-chairman of the Military Affairs Commission (General Chiang Kai-shek is the chairman), and more popularly known as the "Christian General" in China, is one of the most popular leaders in the country. The Christian General, living in the most simple manner is always willing to mingle with the laborers and farmers with a view to making some personal observations and studies of the present conditions of these people who, undoubtedly, constitute the "backbone" of China; but, unfortunately, they are in a most miserable condition today! Our General is also known for his out-spokenness. Only a short time ago, an interview with Edgar Snow, a foreign correspondent of the *London Herald*, in which General Feng made a bitter attack on the Japanese aggression in China, and in which he advocated strongly a "positive policy" in dealing with the Japanese, aroused the ire of the Japanese militarists, and invoked protests from the Tokyo Foreign Office.

Christianity and National Salvation

On August 30, before an audience of no less than 600 people in a church in Kuling—China's famous summer resort—the Christian General was called upon to preach a sermon. By raking out a pocket-Bible from his pocket, and after some humble remarks about himself, the General went on first to deal with "the responsibility of the Christians in the National and Social Salvation." He cited instances and drew parables from the Bible. He emphasized the importance between "Having Faith in Christ" and "patriotism," and told the audience that "We should first love our country, and then love Jesus Christ." He said, "the Chinese Christians should rise up, in accordance with the wishes of God, to shoulder the great responsibility of national salvation and preservation." He opined that places for preaching of the religious gospel might well be converted into "provisional political propaganda places for the the benefit of the masses."

Citing further parables, General Feng quoted what Jesus had once complained about to his disciples when he said that "you do not give me food to eat," and clothes to wear, and yet, you say that you have faith in me, pointing to a poor child of starved people just outside the door. So General Feng, while stretching out his hand, pointing outside of the church door, said in the most passionate manner that all these people have no food and no clothes, meaning—if we are right to interpret his speech—that we do not follow the principles of Christianity by giving more help to the poor, and yet we continue to announce our adherence to Christianity. The whole audience was quite moved by the strong words of the speaker!

The same speaker further quoted the conversation between Jesus Christ and one young man. "Do you have faith in God?" asked the former. "Yes," answered the latter. "Will you be willing to follow me?" asked the former. "Well! put the cross on your back, and follow me!" said the former. The latter hesitated. To General Feng, most young men of today are of the same type. When asked "to put the cross on your back," their answer is most likely in the negative, as most of these people are most anxious to put on fashionable clothes and to stay in fine houses, but are most unwilling to give up their fortune to serve our fellow beings, when they think that their fortune comes from their labor by selling cigarettes, cakes, and by acting as interpreters. This closes the first, or introductory, part of General Feng's long speech.

Christianity and Patriotism

Continuing, said General Feng, "Your preacher has mentioned me to you as a 'proletarian militarist', 'revolutionary militarist', 'Christian militarist'. But let me now speak a few more words on these points. At present, four North-Eastern Provinces have been lost. 35,000,000 of our 'uncles', 'aunts', 'brothers' and 'sisters' are now in a burning fire and boiling water (meaning sufferings), and are of 'slave status'. All these are due to the fault of our 'militarists'. At least, it is due to our impotency. The people feed dogs, because they can act as watchmen; feed cats, beacuse they can catch rats; feed hens, because they can produce eggs. The people pay the taxes to feed soldiers, because they want them to protect Our Father's Land". "But," said the Christian General most passionately, "the result is the loss of our territories and enslaving many of our brothers, making our country smaller and smaller day by day! What face have we—the militarists—to see our brothers! I, myself, could not but feel ashamed as well!"

"At present", continued the General, "the 35,000,000 brothers are hoping with most eager eyes that we will come to their assistance to relieve them from sufferings. This is the duty of the militarists, and this is more the duty of the Christians. Our Heavenly Father wants us to shoulder this important responsibility!"

"We entertain no ill-feeling against any nation. What we want is that the other nations should not have any aggressive designs in China. We are by birth the citizens of the Republic of China, so we must rise up to shoulder the responsibility of struggling for the independence and existence of our Nation," said most emphasitically the General, amidst general applause from the audience for a few minutes.

"Such is my attitude, which is always the same, irrespective where I will be—in Taisen (Shantung Province), or Chahar (where General Feng once put up resistance independently in disregard of the instructions from Nanking); and where I have to speak—in the hall of the Central Kuomintang Headquarters, or before the weekly meeting in the assembly hall of the National Government, or in the church here. My attitude remains the same at present as well as in future. Only by adopting such attitude could we seek for national salvation and existence," pointed out the Christian General. The church at once assumed an atmosphere of a patriotic meeting full of "Christian patriots!"

Positive Policy vs. Japan Advocated

On May 7, 1936, the writer of this article had also an interview with the Christian General when we discussed many of the current issues. "The year of 1936 is dangerous in the world. The situation in Europe is already confused enough, but the situation in the Far East is more critical. Although the Russian-Japanese relations are extremely tense the true Japanese object is not to go to war with Russia, but rather, to invade and to conquer the whole of China. There is no doubt about it!" Continuing, he said, "China has been humiliated by Japan to such an extent, and so many of the Chinese territories have been invaded and occupied by Japan that to rise up to oppose the aggressor to block their further advance, and to fight for the emancipation of our people from the aggressor is indeed the supreme duty of all! Such should be the 'guiding general principle' of the Chinese foreign policy!"

Indeed, General Feng is a "true Christian" as well as a "true patriot!"

Nanking, Sept. 5, 1936.

Sales of American Goods in China Fall Heavily in Second Half of 1935

China's foreign trade for the second half of 1935 is covered in a 122-page brochure by P. W. Kuo, Director of the Bureau of Foreign Trade at Nanking. Analysis of the principal exports shows that shipments of raw materials were on an increase, while exports of manufactured goods were just the reverse, this indicating that there had been little or no development in China's industrial production, and that the country remained in status quo ante as a raw material supplier. The balance of trade during 1935 showed an excess of imports over exports of about 340 million dollars, a decrease of over 150 million dollars as against the previous year's figures.

Shanghai handled more than 50 per cent of China's imports and exports, but since only a small proportion of the goods handled are produced or consumed in Shanghai, the major part of its trade is dependent upon conditions in other parts of the country. The year under review being, on the whole, relatively peaceful for China, and the financial market being fairly steady, Shanghai's foreign trade was maintained in spite of bad crops in many provinces, but in common with most ports, Shanghai witnessed an expansion of export trade and a marked shrinkage in import business. During the first six months direct imports into Shanghai amounted in value to $311,250,000, while exports from Shanghai were $126,390,000, making a total of $437,640,000 and showing an adverse balance of $184,850,000.

For the whole year (1935) Chinese trade with the United States amounted to $136,410,000 for exports, and $174,930,000 for imports, the total amounting to $311,340,000. In comparison with 1934, exports showed the substantial advance of 44.45 per cent, while imports suffered the marked decline of 35.62 per cent, the total commerce dropping by 15 per cent. The trade balance was still $38,510,000 in favor of the United States, though down tremendously by $138,770,000, or 78 per cent from the previous year's figures. The general trend of Sino-American trade since the establishment of the Republic shows the growth of exports has not been so rapid as that of imports. As a whole, American export trade in 1935 showed an increase of 6 per cent over 1934, but to China exports suffered a decline, due to the fact that American trade in the Far East has turned its direction from China to Japan.

Japan Contemplates Annexing Peiping and Tientsin to Manchukuo

BY THE REVIEW'S FOOCHOW CORRESPONDENT

ON Aug. 20, there appeared in the *Wah Tsz Yat Pao*, a Hongkong newspaper, a startling news despatch concerning Japan's latest schemes in North China and Inner Mongolia. According to said despatch, Japanese Ambassador Kawagoe held an important conference on Aug. 18 with Matsumuro and other high Japanese officials in his residence at Chang Yuan, the conference lasting for four hours and-a-half. Five resolutions as follows were stated to have been passed :—

(1) The natural resources in North China should be grabbed so as to deal a fatal blow to Chinese economic machinery.

(2) To carry out aggressive schemes, both military force and diplomatic means should be resorted to.

(3) Peiping and Tientsin are to be annexed to Manchukuo.

(4) As long as the Nanking government does not reduce tariff rates, smuggling activities will not be ended. So long as the Hopei-Chahar Political Council functions within the Nanking regime, the East Hopei "Autonomous" Council will not be amalgamated with the Hopei-Chahar Political Council.

(5) To make secure the foundation of Inner Mongolia "Autonomous" regime, the occupation of East Suiyuan is a necessary step. East Suiyuan should be regarded as Inner Mongolia's first line of defense

Japanese Investigate Fukien Sugar Industry

The Tokyo Sugar-refining Joint Stock Company will despatch several of its agents to Fukien, to make a detailed investigation into the sugar industry. Formosa, Fukien's immediate neighbor, has a thriving sugar-refining industry. As Fukien sugar cannot compete with Formosan sugar in fineness and cheapness, most of the sugar consumed in Fukien comes from Formosa. Many of the sugar manufacturers in Putien (South Fukien) and elsewhere have conveyed Formosan sugar to their refineries and blended it with native sugar.

Very recently, a considerable quantity of Japanese goods has been smuggled into Fukien and among these sugar occupies the first place. During the time when Japanese are clamoring for Sino-Japanese collaboration in development of Fukien industries, Japanese investigation into the Fukien sugar industry is a matter of great consequence.

Japanese Establish an Institute of Commerce in Amoy

Japanese will establish an institute of commerce in Amoy. The avowed object of the Institute is to train a number of Formosans and Japanese for doing business in this part of China, while its real object is manifest to all—to train young Formosans and Japanese for pushing schemes of economic penetration. Chinese students are also admitted, but they are treated as Japanese.

Formosans' Illegitimate Business in Foochow

As pointed out in previous articles in *The Review*, the existence of a surprisingly great number of Formosans in Foochow occasionally gives rises to delicate issues for the provincial government to handle. The Formosans, taking advantage of their special status, are mostly engaged in illegitimate business. Many of them open pawn shops, gambling houses, opium dens, and brothels; others are moneylenders. Formosan pawnbrokers lend money at high interest against pledged property. Pawned property cannot be redeemed at the expiration of two months. The monthly interest is fourteen cents per dollars.

Needless to say, Formosan moneylenders are usurers. Perhaps they demand an exorbitant interest that might be unknown to Shylock. Several weeks ago, an assistant of an old clothes shop borrowed five dollars from a Formosan moneylender. This shop assistant, as he did not pay his creditor two dimes regularly for thirty days, could not have his account settled though he had paid more than ten dollars. The Formosan moneylender demanded prompt settlement of the account. When he ignored the demand, he was murdered by his creditor—beaten to death. What with rural bankruptcy, what with urban economic depression, the pedestrian sellers and poverty-stricken peasants in Foochow are at the mercy of Formosan moneylenders.

Since there are so many Formosans with so great a variety of interests, they do not live peacefully among themselves. Sometimes they quarrel with each other; sometimes they fight against one another. At times murderous acts occur. Whenever a murder occurs the provincial government is confronted with a complicated situation.

Certain Country's Intelligence Organ in Foochow

According to those who have watched closely the activities of secret agents despatched by a certain country to Foochow, there is a large scale intelligence organ directed by experts in colonial affairs. Not only the subjects of the certain country, but many Chinese, are in the employ of the organ. Several officials in important government organs are rumored to have been employed as spies.

August 28, 1936.

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Hopei "Taxation Cffices" Opened—Tax One-Eighth of Chiness Customs Rate

Offices for the collection of the special "consumption" tax which will permit the transportation and sale of "East Hopei Goods" within the territory of the Hopei and Chahar Council were duly opened this week. The tax, amounting to one-eighth of the Chinese Customs Tariff, is being collected on goods entering through the territory of the East Hopei Autonomous Government.

A responsible official of the Ministry of Finance told newspapermen in Nanking Sept. 2, that the Government would not tolerate the action of the North China authorities to collect one-eighth of the Custom tariff on "special trade" goods.

A special message to the *Tokyo Ashi* from Tientsin Aug. 30 stated that the Hopei-Chahar Government has decided to give free official recognition to the circulation of East-Hopei merchandise in Hopei and Chahar provinces with the provision of a consumption tax. The Japanese correspondent commented that, at a time when the oppressive measures of the Nanking Government against East-Hopei merchandise are steadly increasing in severity, this bombshell decree is considered a definite declaration of the Hopei-Chahar attitude towards Nanking, both political and economic.

Under the new system, imports on which the East-Hopei Governments impose a customs duty one-fourth of the rate specified in the Nanking rariff rate law are taxed one-eighth of the rate of Nanking customs duty as consumption tax. The goods will thus be circulated within the Hopei-Chahar territory as officially-recognized merchandise.

In order to facilitate the working of the new system, it has been decided to establish a Hopei-Chahar Political Council Inspection Office with headquarters in Tientsin and stations in Peiping, Paoting, Shihchiachuang, Tsangchou, Potou and Chikow. The consumption tax will be collected through these channels, while the various hsien offices, public safety corps and public safety bureaus which (according to the Japanese correspondent) have hitherto been "instruments of oppression under orders of the Nanking Government maritime customs" will be turned into instruments of the Hopei-Chahar Government for collecting the consumption tax and protection of local merchandise against the treatment of the maritime customs as contraband. The decree constitutes, the Japanese correspondent added, an autonomous declaration of the competency of the Hopei-Chahar Government to decide its own economic affairs intsead of completely obeying Nanking in the same manner as other provinces as hitherto and emphasizes the co-prosperity and co-existence relations of the regime with East-Hopei. Economically the step reaffirms the interdependence between the regime and Japan and Manchukuo and is expected to aid the development of trade among North China, Manchukuo and Japan.

Smuggling Again Much in Evidence

A *Central News* message from Tientsin Sept. 4 stated that, after a short respite, smuggling is again much in evidence there. The contraband is coming over the Peiping-Liaoning Railway as well as the Haiho River. To cope with the situation the Tientsin Customs has decided to establish on Sept. 15 a prevention station at Taku near the mouth of the Haiho River.

The *Shanghai Min Pao* Sept. 4 stated that all smuggled goods will be confiscated even if they have paid the new consumption tax, one-eighth of the Custom tariff, as imposed upon them by the North China authorities. Meantime, the Shanghai Chamber of Commerce and other business organs in Shanghai have sent a joint cable to General Sung Cheh-yuan, urging the latter to refrain from imposing the new tax, which, they pointed out, will only facilitate the inflow of Japanese smuggled goods to China.

Japanese Transport Smuggled Goods in North

A Tientsin message of Sept. 6 stated that a Japanese transportation company, armed with Japanese flags and documents, is busily engaged in conveying smuggled goods from East Hopei to Tientsin. More than 300 car-loads of smuggled goods are arriving each day and most of the contraband is being stored in the Japanese Concession.

A *Hwalien* message from Tientsin Sept. 4 stated that the new Japanese policy of smuggling goods in North China was adopted as a result of the strict anti-smuggling measures taken by the Central Government. Japanese goods have been openly shipped to Tientsin from Eastern Hopei along the Peiping-Liaoning Railway, as an understanding has been reached between the Japanese and Chen Cho-son, Director of the Railway. Mr. Chen has even refused Custom officers to board the trains to search for smuggled goods. Owing to the strict prevention of the Central Government, however, smuggled goods of a value of $40,000,000 are still being stored in Tientsin.

That the Hopei-Chahar Political Affairs Committee be instructed to discontinue the reported collection of a so-called Consumption Tax—equivalent to one-eighth of the Customs Import Duties—on smuggled goods from "eastern Hopei," was urged Sept. 5 by the Chinese Cotton Mill Owners Association in identic petitions to the Executive Yuan, the Ministries of Finance and Industry, and the Cotton Control Committee of the National Economic Council. The petition pointed out that the collection of such a reduced tax, if actually instituted, is bound to lead to large-scale dumping of foreign products on the domestic market, especially the cotton market. Goods imported into Hopei under such a preferential arrangement are likely to be shipped to all parts of the country for sale. In such event, the petition adds, the native cotton mills will be forced to close down as they will not be able to compete with foreign (Japanese) cotton traders under such unfavorable conditions.

The *Shanghai Nippo* Sept. 2 stated that the prevailing native goods movement in Shanghai has a considerable effect upon the Japanese export trade to China. The *Nippo* quoted Chinese newspaper reports that the total amount of native goods circulating in the local market from January to July has increased by one-third, as compared with that in the same periods of last year, the reasons being: Favorable harvests of agricultural products in various localities, thereby increasing the purchasing power of the rural farmers; untiring efforts exerted by the leaders of native industry; cheaper prices of native goods than those of foreign goods; the sudden lowering of the exchange rate in interior places, especially in Kwangtung and Szechuan, and the increase of sales agents in Kwangtung, Szechuen, and various localities in the Northwestern Provinces.

Membership Campaign Launched by Native Goods Promotion Association

A membership campaign, with 6,000 new recruits as its goal, is being launched in Shanghai by the Citizens' Native Goods Promotion Association, the *Central News Agency* stated. The campaign will have Mayor Wu Te-chen of Greater Shanghai as the honorary Captain-in-Chief and Pan Kung-chan, director of the local Bureau of Social Welfare and Education, as the campaign leader.

The output and consumption of native products from January to July this year have increased by one-third as compared with those of the corresponding period last year, according to Pan Yang-yao, Chinese industrial magnate, in an interview with a representative of the *Central News Agency* in Sept. 1.

First Official Statement Issued Regarding the Consumption Tax in North China

The first official statement on the new Consumption Tax was made Sept. 7 by the publicity department of the Peiping Municipality, which stated that the function of the new Consumption Tax Inspectorate General is to "liquidate" smuggled goods already landed in Hopei and Chahar. This is generally interpreted as indicating that the Hopei and Chahar authorities are determined to proceed with the establishment of the inspectorate, reports to the contrary notwithstanding.

It is only a temporary expedient, the statement added, and will not affect the anti-smuggling activities of the Customs. Its usefulness will cease when smuggled goods cease to enter the two provinces. However, there is no suggestion that the inspectorate which levies the Consumption Tax will hand over taxed goods for seizure.

Radio Sets and Medical Instruments Among Smuggled Goods

Radio sets and medical instruments were the latest additions to the long list of smuggled goods illicitly brought into Tientsin through the demilitarized zone, according to a Customs report on the smuggling situation in North China for the week ending Aug. 30. Registering a general decline in the illegal trade, no artificial silk yarn or cigarette paper, which constituted two of the main staples in the early stages of the smuggling business, was listed during the week under review.

The quantity of sugar smuggled into Tientsin also showed a decrease, but kerosene oil and gasoline continued to find their way into the city, being recorded at 3,836 (10 gallons each) and 100 cases respectively.

Tax Collection Offices in Hopei Open, But Smuggling to Be Prohibited

While goods imported through the territory of the East Hopei Autonomous Government will be allowed free transit in Hopei and Chahar upon payment of the new consumption tax, smuggling along the shoreline of Hopei province will not be tolerated, according to an announcement made in Tientsin Sept. 8, as the Inspectorate General for the Collection of a Consumption Tax of the Hopei and Chahar Political Council opened for business. Seven officers, including a branch inspectorate general in Peiping, were inaugurated at the same time.

The projected office at Chikou was abandoned because of fears that it may lead to a conflict with the Chinese Maritime Customs already established there, officials in Tientsin explained.

That the Hopei-Chahar Political Affairs Committee be instructed to refrain from the collection of a so-called Consumption Tax in Hopei, was urged by the Shanghai Anti-Smuggling Association in a petition to the Central authorities Sept. 7. Pointing out that numerous Japanese factories are already established in Hopei, the petition says the cost of their raw materials will be greatly reduced as the result of the enforcement of the new tax, and they will be enabled to turn out goods which can be dumped on the native market in all parts of the country.

Vegetable Oil Refinery Head Office to Be Inaugurated Soon at Hankow

The head office of the projected vegetable oil refinery, a joint government and commercial enterprise, will be established at Hankow on Oct. 15, according to Chang Chia-chu, General Manager of the refinery.

Wenchow Paper Mill Plan Approved by Engineers

The plan for the construction of the projected China Paper Mill at Wenchow, drafted by its Preparatory Committee, has been approved by the China Engineers' Association and will be submitted to the Sino-British Boxer Indemnity Refund Commission for consideration and approval. After the plan is approved by the Commission, it is stated, construction work on the mill will be started.

Chinese Institute of Mining and Metallurgy Meets at Tsaochuang

The sixth annual meeting of the Chinese Institute of Mining and Metallurgy was formally opened at Tsaochuang, mining center in southern Shantung, Sept. 4. More than 40 members and delegates were present. In the absence of Dr. Oong Wen-hao, Secretary-General of the Executive Yuan, who is President of the Institute, Hu Po-yuan, the Vice-President, presided and delivered the opening address.

Engineering Progress in China Noted in Radio Speech by R. J. Holmes

R. J. Holmes, manager of the National Motors, Nanking, in the course of a radio talk given at the Central Broadcasting Station on the night of Sept. 2 stated that, as in other phases of reconstruction, China has made tremendous strides in engineering work.

"In the olden days," Mr. Holmes said, "it was the custom for China to contract all of her engineering projects to foreign firms who invariably supplied erection engineers as well as maintenance engineers to operate the plant for a specified number of years. This, added to the initial cost of the plant and from a financial point of view, increased the difficulty or organizing new projects.

"Today, however, China seldom, if ever, employs foreign erection engineers. She buys her engineering equipment in the open market at competitive prices and takes over full control of maintenance and operations, thereby not only using home talent but, at the same time, considerably reducing her initial expenditure in financing new projects."

Central Broadcasting Station Helps to Unify China

The Central Broadcasting Station, according to Mr. Holmes, is entirely a Chinese owned and operated station constructed in 1934 at a cost of $1,300,000. With a power of 75 kilowatts, it played a most important part in the unification of China through efficient methods of keeping in touch with the most outlying parts of this vast country. There is also another station in Nanking and two other stations of similar capacity at Sianfu and Foochow.

"These stations," Mr. Holmes commented, "are a manifestation of China's efficiency in controlling projects involving the highest standards of technical knowledge and engineering ability."

Conflicting Opinions in Tokyo Regarding North China Cotton Exploitation

Divergence of views between the Government authorities on the one side and Osaka capitalist on the other over the method of cotton exploitation has become one of the most urgent issues in the Japanese plan for the economic development of North China, a *Central News Agency* message from Tokyo stated Aug. 29. One of the important proposals brought up at Osaka by Mr. Kawashima, it was pointed out, was to establish a big Cotton Warehouse Company in Tientsin, to be capitalized at 10 million Yen, which would serve as a center for the control of cotton purchases with similar control organs to be set up in Osaka. This proposal was opposed by Osaka capitalists who insisted that the system of free competition should be adopted, citing the failure of similar cotton control in Korea and Manchuria. Such a control, they said, not only will discourage merchants from buying cotton, but also will impede cotton growing.

Cotton Output in Shantung Increases Ten-Fold

The cotton output in Shantung for the current year amounts to 40 million catties (one and-a-third English pound), an increase of ten-fold over last year's crop, according to an announcement of the provincial department of reconstruction at Tsinan Sept. 4. Chang Hunglieh, Commissioner of Reconstruction, has convened a meeting of co-operatives directors from all parts of the province.

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Kung's Plan for $120,000,000 Bonds Restores Confidence in Canton Notes

The special correspondent of *The China Press* at Canton Sept. 5 wired that Finance Minister Kung's plan of floating $120,000,000 bonds for the stabilization of the provincial banknotes had restored public confidence in paper money there. The present value of the Canton paper currency yields a premium of 47 cents when exchanged for a national dollar—that is, one national dollar is equivalent to $1.47 local money. At one time people in Canton thought that the provincial notes would become worthless paper, as it was then not known to what extent the silver reserve had been depleted when General Chen Chi-tang and his supporters hastily left Canton for Hongkong on July 18. Economic experts in Canton generally praise the new financial scheme sponsored by the central authorities as sound and scientific. Some inconvenience or hardship may be experienced by the transition from the former muddling method to the present modern system, these experts admit, but before long all classes of people will be benefited.

Regulations on Kwangtung Financial Bonds Made Known

The $120 million Kwangtung Financial Readjustment bonds for the 25th fiscal year, the issuance of which was approved by the Central Political Council last week, will be issued on Oct. 1. Bearing an interest of 4 percent per annum, payable on March 31 and Sept. 30 each year, the bonds will be redeemed in 30 years. Amortizations by public drawings are to take place on March 1 and Sept. 30 each year. During the first 20 years, 3 percent of the principal will be redeemed each year while during the remaining 10 years it will be 4 percent each year.

Tsou Lin, Political Vice-Minister of Finance, who recently investigated the financial and monetary situation in Kwangtung on behalf of Dr. H. H. Kung, Minister of Finance, returned to the Capital Sept. 2.

The first draft of the budget of the Kwangtung Provincial Government for the 25th fiscal year (July, 1936-June, 1937) has been completed. T. L. Soong, Provincial Commissioner of Finance for Kwangtung, has submitted the draft to the Ministry of Finance for instructions. It is understood that income and expenditure in the budget have been balanced.

Kwangtung Industrial Institutions to Be Controlled from Nanking

A set of provisional measures regarding industrial matters in Kwangtung was announced Sept. 1. These measures have been drawn up in view of the fact that, in the past, industrial matters in Kwangtung were often dealt with in violation of the laws and ordinances of the Central Government. The new measures state that factories or firms in Kwangtung to whom Trade Mark Certificates were issued by the Kwangtung Provincial Government after November, 1929, should submit their certificates to the Bureau of Trade Marks of the Ministry of Industry for examination in accordance with law. No fee will be charged for such examination. Certificates for fishing and mining corporations, accountants, technical experts, and captains of fishing schooners, issued by the former Kwangtung Provincial Government, should also be submitted, through the Kwangtung Provincial Department of Reconstruction, to the Ministry of Industry for examination. When approved, new certificates will be issued free of charge.

T. L. Soong Urges Investigation into Unpaid Taxes of Gamblers

In a petition to the Kwangtung Provincial Government, Sept. 4 T. L. Soong, Provincial Commissioner of Finance for Kwangtung, recommends the creation of a Gambling Tax Readjustment Committee to investigate all tax payments in the past and to collect the arrears. The proceeds will be used for the establishment of a school for the descendents of Revolutionary martyrs.

A report on the suppression of the gambling and opium evils and the promotion of the New Life Movement was made by General Huang Mu-sung, Chairman of the Kwangtung Provincial Government, at the joint weekly memorial service of the Kwangtung Provincial Government and the Commander-in-Chief's Headquarters of the 4th Route Army in Canton Sept. 1. General Yu Han-mou, the Commander-in-Chief, presided.

Abolition of Customs Surtax on Annam Coal Is Asked by French Embassy

Abolition of the Customs surtax imposed by the former Kwangtung authorities on coal imported from Annam (French Indo-China) is requested by the French Embassy, in a note to the Ministry of Foreign Affairs, so as to conform with the provisions of the Sino-French Convention regulating the relations between Annam and adjoining Chinese provinces. The Ministry of Foreign Affairs has referred the matter to the Ministry of Finance.

Sincere Company Increases Capital

Following the example of the Wing On Company, the Sincere Company, proprietors of the oldest department store in Shanghai, has decided to increase its capital to $4,500,000. The biggest stockholder will be Chang Pin-chieh, wealthy Kwangtung merchant.

Central Bank Ships Large Quantities of Gold and Silver

Gold bars, valued at $9,000,000, and silver of a value $12,000,000, were shipped to London and New York, Sept. 3, according to *Domei*.

Bank of China to Establish Branch in Siam

The establishment of a branch of the Bank of China in Siam in order to facilitate Sino-Siamese trade this week formed the subject of discussions between Dr. H. H. Kung, Minister of Finance, and Lin Ping, Counsellor of the Ministry of Foreign Affairs, who recently led the Chinese Good Will Economic Mission to Siam.

Premium on National Dollars Means Rise in Taxation Rate

A *Union News* message from Canton Sept. 1, stated that a virtual increase in taxation is seen by merchants with regard to the ruling of the Ministry of Finance that payment of national revenues in provincial currency should add 48 per cent as premium for national dollars, as against the former premium of 30 per cent.

Peiping to Issuing Bonds for Loan of $3,000,000

The municipality of Peiping has decided to issue bonds for a loan of $3,000,000, the proceeds of which will be used for reconstruction work in the ancient capital.

Rural Mortgage Warehouse Established at Tsuichiao

As a step towards the relief of the shattered rural economy in the country, the Rural Industrial Granary Control Committee of Shanghai has recently established a Rural Industrial Warehouse at Tsuichiao district along the Shanghai-Hangchow highway.

Counterfeit Gang Active in Many Parts of China

Central News says that the recent discovery of a large scale forged banknote factory and the arrest of several suspects in Hankow have given rise to suspicions of the existence of a powerful counterfeiting gang with operations extending to many cities. Only recently several convicted forgers were executed in Peiping while several others were sentenced to seven years imprisonment each in Shanghai. At both these places large plants were raided.

Trade Mark Registration in Kwangtung Now Under Nanking's Control

Merchants and manufacturers in Kwangtung who had drawn trade marks registration certificates for their products from the Kwangtung authorities after November, 1919, are required to present their certificates to the Ministry of Industry Trade Mark Bureau for re-examination, according to a set of 19 regulations announced by the Ministry in Nanking Sept. 5. The examination will entail no cost on the part of Kwangtung merchants and manufacturers as the principal objective of the regulations is to bring such matters under the centralized administration of the Ministry of Industry.

The regulations call for the re-examination of the commercial rights granted by the previous Kwangtung Administration to corporations, fishing companies, mining, firms, and licenses issued to accountants, engineers, and captains of commercial vessels, fishing boats or salvage ships.

The re-examination, also free of charge, will close at the end of the current year, following which requests for re-examination will be treated as new cases—which means that regular fees will have to be paid.

Mexico Reverts to Use of Silver—Lack of Interest in U.S.

Mexico's recently announced decision to restore the circulation of silver coin in the country is viewed favorably by the London *Statist*. While opining that the measure has been taken by Mexico in agreement with Washington, the article draws a comparison between the monetary situation in China and in Mexico, both of which went off the silver standard not long ago. The review further points out that Mexico being the largest silver producer in the world, her decision to remonetize the white metal would result in a non-onerous support of her national silver industry, since the monetary value of coins is higher than their intrinsic value calculated at reasonable market prices.

Senator William H. King, Democrat from Utah, in a statement in Washington Sept. 2 brought attention to the public's lack of interest in the administration's silver policy. "Taxes and such questions are so much more important," Senator King said, "that silver is not likely to be an issue in the Presidential campaign."

Nanking Government Will Have $200,000,000 Deficit

Due to the rampancy of smuggling with the corresponding decline in Customs receipts, and the fact that government expenditure has risen by about $100,000,000, the National Government will show a deficit of $200,000,000 for the fiscal year ending June 30, 1936, the *Shun Pao* quotes by Dr. H. H. Kung, Minister of Finance, as stating in the course of a press interview.

$3,584,000 so far Raised for Purchase of Chiang Birthday Planes

A Nanking message dated Sept. 4 stated that more than $3,584,000 has so far been realized by the nation-wide campaign for contributions for the purchase of airplanes for the occasion of the 50th birthday of General Chiang Kai-shek, President of the Executive Yuan. The Chinese community in Shanghai now leads with approximately $1,000,000; while Kiangsu comes second with $720,000 and Hupeh third with $500,000. Other provinces which collected sizable amounts are as follows: Kiangsi $320,000; Hupeh $300,000; Hunan $150,000; Kansu $80,000; Suiyuan $12,000.

Chinese residents in Penang have so far succeeded in raising more than $20,000 toward the fund which will be used for buying an airplane to be presented to General Chiang Kai-shek, on the occasion of his 50th birthday next October, according to word received at the Overseas Chinese Affairs Commission in Nanking last week from the Chinese Consulate at Penang.

Movie Stars to Stage Gala Show for Chiang Birthday Plane Fund

Shanghai's movie stars, composed of top-notch actors and actresses from all the local studios, will stage two gala performances on Sept. 27, the proceeds from which will go to the fund for the purchase of gift-planes in honor of the 50th birthday anniversary of Generalissimo Chiang Kai-shek. The performances will be held at Lyric Theater, Peking Road.

Air Defense Propaganda Campaign Starts in Changsha

The Hunan Air Defense Publicity Week was initiated at Changsha Sept. 7 with a mass meeting held at the Public Education Institute.

New Director of Hangchow Aviation Academy Assumes Post

On the occasion of the 10th anniversary of the founding of the institution, Lieut.-Gen. Huang Kwang-jui, formerly commander of the Kwangtung air force, assumed his new post as Director of the Hangchow Aviation Academy Sept. 1.

Air Defence Exhibition Held at Nanking

An Air Defence Exhibition was opened at the Public Recreation Ground in Nanking Sept. 4 with four airplanes, despatched by the Military Affairs Commission, giving demonstrations for the benefit of the spectators.

Japanese Army Planes Land in Tsingtao Without Formality

A Japanese army plane, No. 502, landed at Tsingtao Sept. 5 from Dairen without any formality. After a brief respite, it took off for Dairen. Later in the afternoon, another Japanese plane bearing two Japanese arrived from Tientsin. After dropping the two passengers, the machine returned to the northern city.

Japanese Planes Will Not Fly to Taiyuan

As a result of protests made by the Chinese authorities, the Japanese authorities have agreed not to fly any of their planes to Shansi without the permission of the former, a message from Taiyuan Sept. 5 stated.

Eleven Killed in Air Crash in Russia

Eleven persons were killed and three others injured Aug. 26 when an airrplane bearing local officials crashed in the Yenesei River, Siberia.

New Aircraft Factory Being Built in England

Work was begin this week on a new aircraft factory at Radford, Coventry, England, which is to be constructed and operated by the British Government in conjunction with the Daimler Company. It is estimated that it will cost more than £500,000.

Ford V-8 Engine Reassembled in Nine Minutes

The series of Ford V-8 engine demonstrations being held in various parts of the U.S.A. and England, during which two mechanics take an engine to pieces in six minutes and reassemble it in nine minutes, have attracted extremely wide interest. When the engine is dismantled it is reduced to 72 separate parts or unit assemblies. These range from large items such as cylinder heads and the cylinder block itself to small parts such as main bearing caps. The most numerous are the push rods, valve assemblies, and valve retainers, of which there are 16 each, and there are, of course, eight piston and connecting rod assemblies. 73 nuts or screws are removed and replaced, 46 being fitted with washers. The mechanics use ten tools for the whole job. One of the most interesting is the ring compressor employed for fitting pistons.

"New Life" Editor Completes Sentence—Released

Tu Chung-yuan, editor of the *New Life Weekly* who was sentenced to serve one year and two months for publishing an article entitled "Gossip About Emperors," which was considered offensive by the Japanese authorities, completed his prison term on Sept. 9 and is being released, according to the *Central China Daily News* of Shanghai.

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Baby's Own Tablets.

Large Group of American Students Enter Lingnan University at Canton

BY R. G. GILMORE

(Member of the Exchange Group)

A group of 31 Exchange Students is now begining a year's study at Lingnan University, Canton. Twenty universities and colleges of the United States and Canada are represented.

These students, eight of whom are girls, have come to China in order to create more international understanding and to study Oriental life and customs. They will, however, take many courses similar to those offered by their home institutions.

Upon arrival in Yokohama on August 23 the group split into three divisions for traveling. One toured Japan for a week and then visited Chosen, Manchukuo, and Peking before coming to Shanghai. Another spent from ten to thirteen days in Japan, as the individual student desired, before leaving for Shanghai. The last division stayed as long as possible in Japan before sailing direct to Hong Kong. The other two parties sailed from Shanghai on September 8.

Six members of the group came to China independently, leaving the United States before the regular party sailed on August 10. Some came by way of Europe and others spent month vacations in Japan.

At Lingnan each student will be given a Chinese name and will room with a Chinese student. The latter plan was started so that both might have close association and thus percieve a clearer picture of each other's race.

John P. Baker Jr. Pittsburgh, Pa. U. of Pittsburgh
John H. Carter, Pasadena, Calif. Stanford U.
Henry P. Caulfield Jr., Hollywood, Calif. Calif. Institute of Tech.
Betty M. Chandler, Eugene, Ore. Oregon State College
Ralph N. Clough, Seattle, Wash. U. of Washington
Hugh G. Deane Jr., Springfield, Mass. Harvard U.
Emmett L. Durrum. Spokane, Wash., Harvard U.
Arthur Eaton, Berkeley, U. of California
George F. Fox III. Westtown, Pa., Harvard U.
John M. Fuller, San Mateo, Calif. Stanford U.
Miln D. Gillespie Portland, Ore. Pomona College
Helen D. Gilman, St. Helena, Calif. Stanford U.
Robert B. Gilmore, Detroit, Mich. Washington and Jefferson College
Albert E. Hanawalt Jr. Harrisburg Pa. American U.
Martha E. Haven, Berkeley, Calif. Stanford U.
Natalie De F. Henry, New York City, Wellesley College
Melville J. Jacoby, Los Angeles, Calif. Stanford U.
Eugene I. Johnson, St. Paul, Minn. American U.
Harold H. Kuhlman, Los Angeles, Calif. U. of Redlands.
Richard E. Lace, Vandergrift, Pa. Pennsylvania State College
Clement Lapp, Laverne, Calif. Laverne College
Edmund W. Meisenhelder III, York, Pa. Harvard U.
Brownell Merrell, Syracuse, N. Y. Wesleyan U.
Dean A. Robinson, Banff, Alberta, Canada. McGill U.
Marshall E. Sanders, Williamsport Pa. Dickinson Junior College
Minnie B. Sawyer, Waterford, Calif. College of the Pacific
Max Shaffrath, Bakersfield, Calif. Stanford U.
Katherine M. Taylor, Detroit, Mich. U. of Michigan
Lettie M. Warrington, Corballis, Oregon. Oregon State College
Betty L. Wright, Pasadena, Calif. Stanford U.
Clayton H. Zahn, Philadelphia, Pa Pennsylvania State College

$400,000 Grants-in-Aid to Be Allocated for Vocational Schools

A sum of $400,000 will be allocated as grants-in-aid for vocational schools during the 25th fiscal year (July, 1936-June, 1937), it was decided at a meeting of department heads of the Ministry of Education in Nanking Sept. 3. Up to Sept. 1, more than 60 vocational schools had applied to the Ministry of Education for grants-in-aid during the 25th fiscal year (July, 1936-June, 1937).

$720,000 to Be Remitted to Peiping for Cultural Readjustments

A sum of $720,000 will be remitted by the various organs concerned as expenses for the second stage of reconstruction work for cultural readjustment in the old capital (Peiping), it was decided by the Peiping Cultural Affairs Readjustment Committee at a meeting at the Ministry of Interior in Nanking Aug. 31. Tao Li-chien, Political Vice-Minister of Interior and concurrently Chairman of the Committee, presided.

General Chiang Receives Southern Educators at Whampoa Temporary Headquarters

General Chiang Kai-shek received the Presidents and Deans of the Universities and Colleges at Canton, at his Provisional Headquarters at Whampoa Sept. 5. Addressing the gathering, General Chiang said that in order to institute social and political reforms, educational reforms must first be carried out. He expressed the hope that the educators will do their utmost to develop the students both morally, mentally, physically and socially.

Central Institute of Technology to Be Built

The Ministry of Education is planning for the establishment of a Central Institute of Technology, the opening of a school for the training of cinematographers and radio announcers, and the appropriation of $4,600,000 for the enforcement of compulsory education. Reputed to be the first of its kind in China, the college, according to present plans, will hold its first entrance examination next spring. It will have four departments: civil engineering, mechanical engineering, electrical engineering, applied sciences. The site of the college will be at Panchaochang, about 40 li outside of the Chunghua Gate, Nanking. With an initial budget of $500,000, work on the new school buildings will be started soon. A special class to train competent cameramen and radio announcers will be opened shortly. After the period of technical training, the students will be sent to the rural districts to popularize the use of educational films and radio broadcast. Out of the $4,600,000 earmarked for the compulsory education program, $3,900,000 will be granted by the Sino-British Boxer Indemnity Refund Commission.

Ministry of Education to Conduct Scenario Contest

A scenario contest has been announced by the Ministry of Education to solicit the best type of plays which may be made into educationl films. Offering first prizes which range from $300 to $1,000, the contest will be closed at the end of November. The prize winning sketches will be reproduced in films by the Central Motion Picture Studio in Nanking.

The School of Education of the Great China University will offer several new courses in cinematography, beginning from the fall term. The new courses to be added to the School curriculum include Introduction to Film Education, Scenerio Writing, the Art of Directing, Artistic Scenic Set-up, History of the Development of Motion Picture, and Administration of Film Education.

Owing to the large number of candidates and the limited space of the Examination Hall, the Provisional Higher Civil Service Examination will be held in two separate sessions, instead of one as originally planned, it is announced. The first session is being held from Sept. 10 to 12 for candidates taking the tests for ordinary civil service administration and educational adminitsration. The second session will be held from Sept. 13 to 16 for candidates taking the papers on financial administration, judicial administration, statistics, accounting and auditing.

Hopei To Further Advance Free Education

An elaborate mass education program, whereby free schooling will be afforded to 240,000 out of 580,000 uneducated children in the province, will be carried out shortly by the Hopei educational authorities. According to the program, five additional short-term primary schools and 30 short-term classes will be opened in each district, bringing the total number of free schools in the province to 540 and that of free classes to 3,240.

College Graduates to Receive Military Training

With the exception of a few women students, the 507 college graduates who recently passed the civil service examinations held under the auspices of the Hopei and Chahar Political Council will spend the next three months undergoing intensive military training at Nanyuan.

Special Classes for Chinese Students to Be Established in Japan

Special classes for Chinese and Manchu students planning to enter Japanese universities, will be established at various colleges and higher schools in Japan next year, the Ministry of Education announced in Tokyo Sept. 7. These classes had to be established, a Ministry of Education spokesman said, because of the frequent cases where Chinese and Manchu students were unable to keep up their studies in universities because of an incomplete preliminary education.

Press Comments on Proposed Amnesty for Political Prisoners

Commenting on the projected amnesty of political prisoners, the *Shun Pao* in an editorial Aug. 25, wrote:—"We regard the amnesty as being of considerable significance, especially at the present moment when the national crisis is daily becoming more sharp and worse as the result of the succession of enemy onslaughts since the event of Sept. 18, 1931. Our country can not escape from being subjugated and occupied by our enemy, unless we people join hands with each other in joint resistance to the invaders, no matter to what organizations or groups we belong. The declaration of the amnesty may augur well for the prospect of the emancipation of our Chinese nation, inasmuch as the political prisoners, whose abilities and knowledge are much superior to the ordinary people and who, after being freed, can take an active part in the campaign for national salvation and against enemy aggression."

The *China Times* commented: "Releasing the political offenders is a remedial measure to appease the reactionaries. But it is indeed a matter of speculation whether the amnesty can really alleviate the reactionary elements."

First Shipment of Changlu Salt to Japan to Be Sent This Month

A contract having recently been signed between the Chinese and Japanese authorities, the first shipment of Changlu salt, comprising 70,000 tons, will be sent to Japan middle of September, it was authoritatively learned in Tientsin Sept. 4. The contract provides that for a sale price is $2.60 per ton and an export tax of $1 per ton.

Japanese Organize Fishing Company in Tientsin

The Japanese Tachong and Tatung companies are organizing a Japanese fishing company in Tientsin for the purpose of eventually purchasing the salt fields along the sea coast of Hopei. Representatives of this company have been sent to the various districts along the sea coast to ask Chinese fishermen to join the company.

North China Steamship Co., Chinese Firm, Not to Be Sold to Japanese—To Become a Sino-Japanese Enterprise

Although it was at first announced that, because it was unable to withstand keen competition by Japanese shipping concerns, the North China Steamship Company, a Chinese business, would be sold to Japanese interests in Dairen and that a sales contract would be formally signed at a meeting of the shareholders at Tientsin Sept. 6, matters developed so that the meeting decided to continue operations with the subscription of added capital from Japanese shipping circles, thus reorganizing the firm into a Sino-Japanese business. An agreement was reached that the $200,000 loan which the Company recently contracted with a Japanese concern is to be converted into part of the augmented capital to the firm. Capitalized at $500,000, the North China Steamship Co. has been in existence for over 10 years, owning a fleet of 5 vessels of over 1,000 tons each. Its main service is between Tientsin and Yingkou. Affected by business depression as well as keen competition, the company has recently sustained a loss of over $300,000, it was stated.

Peiping-Liaoning Railway Purchases More Japanese Rolling Stock

A second consignment of rolling stock purchased by the Peiping-Liaoning Railway Administration from the South Manchuria Railway Company is due to reach Tientsin in the middle of October. Together with the first consignment, the Railway has now bought from the S.M.R. 24 locomotives in addition to a large number of cars. Negotiations are now under way for the establishment of through passenger and freight services between the Peiping-Liaoning Railway and the South Manchuria Railway.

Japanese Control of Match Market in Hopei and Chahar Denied

A report to the effect that Japanese match factories will have control of the match market in Hopei and Chahar was denied by the Chinese Match Manuafcturers' Association Sept. 7. It may be recalled that the Chinese and Japanese match factories jointly organized a Sales Office for the control of production and sales of the products of their factories.

Japanese Commercial Attache Office Established in Tientsin

Indicating the importance Japan attaches to the current Sino-Japanese economic cooperation scheme in North China, a Japanese commercial attache office has been recently created at the Japanese Consulate-General in Tientsin. The post will be filled by Toru Hagiwara, Third Secretary of the Japanese Embassy.

Japanese Agricultural Research Institute Under Construction in Tientsin

Construction work on the buildings of the North China Agricultural Research Institute, established by the Japanese Consulate-General in Tientsin, was started Sept. 5 and is expected to be completed in December. The premises, when completed, will occupy an area of 25 mow of land at Liulitai, and construction cost is estimated at $27,000.

Anti-Japanese Activities Again in Evidence in Shanghai

A Shanghai message to the Tokyo *Nichi Nichi* Sept. 6 said that, following the Chengtu Incident, Anti-Japanese activities have again been started by all the national salvation associations in Shanghai. They issued a drastic statement to the Government, while a threatening demonstration was staged by the students and members of anti-Japanese groups in Shanghai. Early on the morning of Sept. 5 a mob of more than 1,000 students paraded the Yungshing and Pao-an Roads in Chapei and distributed anti-Japanese leaflets such as "down with the Japanese and traitors."

About three o'clock in the afternoon, more than 2,000 persons, including a number of workers staged another demonstration in Chapei. They harangued the crowd with drastic anti-Japanese speeches and shouted several anti-Japanese songs.

Shanghai Middle School Student Arrested While Distributing Handbills

A young Chinese, a student in the Shanghai Middle School, was arrested at 4 o'clock on the afternoon of Sept. 6 in Sinza Road, where he was distributing handbills urging the National Government to withdraw its troops from the Kwangsi border and to send reinforcements to the Suiyuan border, in order to "resist invaders."

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Yureneff Protests Alleged Border Incursions

A *Domei* message from Tokyo Sept. 6 stated that Mr. Arita, Foreign Minister, Sept. 3 agreed to order an investigation of an alleged violation of the Soviet border by a Japanese airplane, but refused to discuss with Mr. Yureneff, Soviet Ambassador, charges involving Manchukuo aircraft and troops, on the ground that Manchukuo was an independent state. Mr. Yureneff, who called on Mr. Arita at the latter's official residence, filed formal protests on allegedly illegal actions of Japanese and Manchukuo troops along the Siberian frontier. On Aug. 23, Mr. Yureneff is understood to have stated, a Japanese military plane crossed into U.S.S.R. territory at a point about 16 kilometers southwest of the village of Pavlovo-Fedorova. On Sept. 1, an airplane bearing Manchukuo insignia flew over the city of Blagoveschensk, Mr. Yureneff stated, while his government further had on record three cases of border violation and of illegal firing into Soviet territory by troops of the new State. Mr. Arita is understood to have pointed out that inasmuch as he knew that Japanese officers and men in Manchuria had been strictly warned against crossing the border, he did not believe the Soviet allegation regarding the flight near Pavlovo-Fedorovka. He, however, agreed to conduct an investigation.

A *Tass* message from Moscow stated that the Soviet Government considers the future preservation of the present situation on the borders unbearable and dangerous to the cause of peace, and it therefore proposes the immediate organization of a mixed Soviet-Japano-Manchurian commission, to whose organization the Japanese Government officially gave its consent on February 14. To this commission, whose organization is delayed only through the fault of the Japanese Government, the investigation of all such latest incidents should be charged, it was urged.

Moscow messages related that on Sept. 1, a boat with five armed Manchurian soldiers sailed from the Manchurian settlement of Daman on the Ussuri, violated the border and approached to within 70 metres to an island belonging to the U.S.S.R. from where they fired once at the island and then returned to the Manchurian side. During this time, 18 armed Manchurian soldiers were on the Manchurian side of the Ussuri observing the activities of the boat.

Soviet Cavalrymen Cross Border But Are Repulsed by Japanese Patrols

The Kwantung Army reported Aug. 26 that some 20 cavalrymen of the Soviet Army stationed at G.P.U. quarters in the premises of the former Soviet customs house east of Tungning on the Manchukuo-Soviet border had crossed the border river and invaded Manchukuo territory at Wushekou. The Japanese patrol squad, it was stated, discovering them, responded to the challenge and repulsed the invaders out of Manchukuo territory. The Japanese patrols found and took care of one body left by the enemy.

Japanese Investigate Reports of Ship Detention

Instructions were issued in Tokyo Sept. 2 to Korean authorities to investigate Soviet press reports that vessels flying the Japanese flag had been captured and detained by the Soviets along the southeastern Siberian coast.

Japanese Consul Seeks Release of Japanese Ships Held by Soviets

Negotiations for the release of three small vessels flying the Japanese flag, which were seized by the Soviet authorities near Vladivostok late last month have been started by Yujiro Sugishita, consul-general at the Siberian port, a report reaching the Foreign Office in Tokyo Sept. 7, said. The crews of the three ships, which were detained in the Possiet Bay area on Aug. 25 and 26, total 12 men, the dispatch added.

Reports of Maltreatment of Soviet Ship Crew Denied by Formosan Government-General

Soviet press reports alleging that the Japanese authorities were mistreating the captain and the crew of the s.s. *Terek*, detained following its unauthorized entry into the naval base of Mako in the Pesoadores, were emphatically denied by the Formosan Government-General at Taihoku, Sept. 4.

Patrol Boat Missing on Way From Hokkaido to Kamchatka

Japanese naval and coast guard vessels were instructed Sept. 2 to keep a lookout for a fishery patrol boat, built in Japan for the Soviets, reported long overdue at Petropavlosk where it was to be delivered. The vessel's crew consists of five Japanese and one Korean.

Soviets Finally Consent to Extension of North Saghalien Oil Prospecting

The *Kokyo Asahi* Sept. 2 said the Soviet Government has finally consented to the request of the North Saghalien Oil Company to extend by five years the present oil field prospecting right scheduled to expire at the end of December this year. At first the Soviets offered a three-year extension, but the company desired a five-year etxension. Negotiations were in suspension for some time. The talk was resumed when Vice-Admiral Sakonji went to Moscow late in June, accompanied by three leading officials of the company, Messrs. Furusawa, Takehara and Koshino. Soviet consent to the five-year extension was obtained on August 31.

New Oil Bearing Sand Discovered in Sakhalin

A layer of oil bearing sand, 16 metres deep, containing light oil, has been discovered near the Okha Oil-fields, in Sakhalin. This opens the possibility to organize a new oil-field, which, in a few years, will be able to double the output of the "Sakhalinneft" Trust, a *Tass* message from Moscow Sept. 7 stated.

China and Soviets Sign Through Parcel Post Agreement

A through parcel post agreement between China and the Soviet Union was signed in Nanking Sept. 6.

Soviet Cinema Factory Produces Patriotic Mongolian Film

A new sound film, *The Son of Mongolia*, produced by the Leningrad cinema factory "Lenfilm" is being shown in Russia at present. The action takes place in modern Mongolia and the majority of the cast are Mongolians. The film tells of a poor arat, who on the hypocritical advice of a wandering lama, sets out into the world to seek the magic wonderful garden, in order to become a folk hero and to win the heart of his beloved. But this ancient tale is interwoven in the Soviet film with the stormy modern life of Mongolia of to-day.

How Soviet-China-Japanese Relations Are Related

The *China Times* Sept. 3 commented:—"The Chinese people should bear in mind that adjustment of Soviet-Japanese relations has nothing to do with the critical situation of Sino-Japanese relations, or rather the facilitating of Japanese aggression in China. In case Soviet Russia has the real intention to consider Japan as her friend when the time comes, the Sino-Japanese problem will come to a final period of settling the insoluble accounts between these two countries."

Japan Has Spent Yen $1,800,000,000 in Manchuria in Four Years: Matsuoka

A foreign correspondent who had an interview with Yosuke Matsuoka, head of the South Manchuria Railway, in Dairen recently quoted the latter as stating that in the past four years Japan has spent Yen 1,800,000,000 on Manchuria, which sum is divided equally between private industry and the government—each having spent about Yen 900,000,000. Of the expenditure by private industry Yen 660,000,000, or more than two-thirds has been spent by the South Manchuria Railway. Mr. Matsuoka reportedly said that he expects that in 10 years, and not until then, will the investment begin to pay dividends. He admitted that it is all being financed by collections from the Japanese public, but laughed at the idea that another ten years of such spending will produce a national financial crisis. On this angle he said, speaking generally, "If the finance minister of any Western power was confronted with the same scale of expenditures in relation to income and national wealth he would throw up his hands in defeat. In Japan, however, this is not true because of what I call 'moral communism.' In our country a very thin line is drawn between the two statements of 'this is yours' and 'that is mine' by virture of the fact that we combine a system of capitalism with the philosophy that every cent in a private citizen's pocket is at the disposal of the Emperor in a crisis. We can for that reason count on national wealth down to the last cent that any private citizen has when we are estimating the distance that we can go in financing such a project as this Manchukuo project, with its Imperial support."

Germany to Appoint Trade Commission in Manchukuo

A *Reuter* message from Berlin Sept. 2, stated that a German permanent trade commission to Manchukuo will be appointed shortly. Mr. Kato, Manchukuo trade commissioner, in Germany, on returning to Berlin from Koenigsberg, stated that the German demand for soya beans is very strong.

Manchurian Shale Oil to Be Sold in China Next Year?

Manchurian shale oil may be brought here next year by the Japanese interest in an attempt to clinch the rich China market from British and American petroleum firms, the *Sheng Shih* News Agency reports. With over Yen 1,000,000,000 invested in developing the Manchurian oil fields, the Japanese are known to be planning to establish a stronghold in China's kerosene and gasoline market. If the Japanese competition is staged, it will revive in Shanghai another price war, reminiscent of the bitter struggle three years ago when Soviet oil attempted to gain a foothold.

Japanese Losses of Life in Manchuria to Be Made Up by Emigration

The total loss sustained by the Japanese since the outbreak of the Mukden Incident is placed at more than 140,000 people and soldiers killed and injured and 4,000,000 dollars cash, a Mukden message in the *Shun Pao* of Sept. 5 stated. In view of this, the Japanese authorities are of the opinion that migration is the only way to avoid further heavy losses to the Japanese. According to plans devised by the Japanese authorities, in twenty years time, a total of 5,000,000 Japanese will be migrated to Manchuria, while within a period of fifteen years, a total of 500,000 Koreans will be moved to the same place.

10,000 Farm Emigrants for Manchuria

The Japanese Kwantung Army and the Japanese Colonial Office have decided to establish a big farm in the Peian and Peilung districts and to send 10,000 Japanese farmers to those areas next spring.

Bandits Kill 17 Japanese Soldiers, Including a Captain

A Harbin message to the Tokyo *Nichi Nichi* Aug. 28 stated that 17 Japanese soldiers, including Captain Matsumoto, were killed in an encounter with bandits numbering 800.

Anti-Japanese Volunteers Continue Active in Manchuria

Anti-Japanese Volunteers in Liaoning province, under the command of Gens. Yen Shen-tang and Chao Hei-tze, held an important military conference at Hochiakong, sixth district of the Fengchen hsien, last week, a Changchun message dated Sept. 6 to the *Shun Pao* stated. At this conference a decision was reached to launch a joint attack on the city of Antung with a view to establishing a base for the creation of an anti-Japanese government. It is reported that these volunteer units are making contacts with the volunteers in Kirin, Heilungkiang and Jehol in order to gain support for their forthcoming military actions.

General Tatekawa to Tour Manchukuo and North China

Lieut.-Gen. Yoshitsugu Tatekawa, retired, will leave Tokyo on Sept. 14 for a tour of Manchukuo and North China. The officer, who until August was in command of the Fourth Division with headquarters in Osaka, was recently reported as having been recommended for the post of high political advisor to the Hopei and Chahar Political Council.

New Ferry Boat to Be Put on Shimonoseki Fusan Route

Described by its new owners, the Japanese Government Railways, as representing the latest word in ferry vessels, the 6,500-ton *Kongo Maru* will start on Nov. 7 on a tour of major Japanese ports where she will be thrown open for public inspection. The ship, which is powered with engines that will propel her at a speed of 23 knots, is scheduled to go into service on Nov. 25 between Shimonoseki and Fusan. She is equipped with an air-conditioning system and an alternating current electricity plant.

Japanese Augment Korea Police to Suppress Revolutionaries

A *Hwalien* message from Tokyo Sept. 4 stated that in view of the expansion of the revolutionist movement in Korea, the Japanese Government has decided to extend the police net in Korea. A new chief inspector of the police force in Korea has been appointed by the Japanese Government.

Japanese Soldiers Allegedly Commit Outrage on Russian Women at Point of Bayonet

Russian sources in Dairen report an incident which allegedly occurred about a fortnight ago at the country resort Lishaokou, on the river Sungari, between Harbin and Changchun. Four Russian women who had gone there for a summer holiday, arranged to play a game of mahjoong at the house of one of them, situated on the outskirts of the village. The women were all well known in Harbin, one of whom was a furrier, one a milliner, and one other a Russian woman married to a German. About midnight, four Japanese soldiers allegedly broke into the house, knocked over the mahjoong table, and at the point of their bayonets committed an outrage on the women, who visited a doctor next morning and established evidence of the outrage. Their husbands protested to the Japanese Consul, who declared that it was unbelievable, but later, on investigations being made, an apology was forthcoming.

Mongolo-Manchurian Conference to Open September 25

Mongolo-Manchurian negotiations will be resumed Sept. 25. The *Tass* correspondent in Ulan-Bator has been informed from Mongolian circles that after the negotiations which were conducted between the Mongolian and Manchurian delegations at Station Manchuli in 1935 broke down at the end of November (due to the extreme demands of the Manchurian delegation), a number of frontier clashes, as is known, followed during December, January and February, chiefly in the district of Lake Buyer-nor—as a result which the situation on the Manchurian frontier became extremely complicated.

Automobile Carrying Central Government Remittance Meets Mishap—Two Occupants Drowned

A serious mishap, resulting in the death of two men and heavy material loss, occurred near Wanchuen to the west of Kalgan on the afternoon of Sept. 1, when two automobiles were overwhelmed by torrential mountain freshets. The cars were sent by Prince Teh, Chairman of the Chahar-Mongolian Political Council, to Kalgan to fetch a sum of money remitted by the Central Government as administrative expenses for the Council. With two men and some pieces of baggage aboard, the cars were overtaken by the heavy rainstorm while running along a dry river channel. The freshets soon flooded the river bed. With their wheels wedged in the mud, the cars were rendered immobile. As a result two men were drowned while all luggage was washed away.

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CHINESE OPINIONS ON CURRENT EVENTS

(Translated from Chinese Periodicals)

Proprietor: Gene L. Chiao Editor: Fang Fu-an
504 Avenue du Roi Albert, Shanghai, China

THE
Comacrib Industrial & Commercial Manual of China & Hongkong

The 1936 edition is in process of preparation and will be published in September of this year. Price $50.00. It will contain about 1000 pages of financial, historical and credit information on about 6,000 firms as well as about 1,000 of the latest audited Balance Sheets.

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Japan Army Estimates to Reach Yen 820,000,000

Almost two months after other ministries, including the Navy, finished submitting their draft estimates to the Ministry of Finance the Japanese Army Sept. 6 let it be known that it would require Yen 820,000,000 to carry on its activities during the next fiscal year. The figures were not officially announced, but quietly allowed to reach print together with comment by army circles that they represented the result of a "painstaking elimination of superfluous sums." This was interpreted by observers as signifiying that the army would not tolerate its estimates being reduced.

Provision is understood to be made for a strengthening of the air force, an all-around improvement of material and replenishment of stores and ammunition at home and the increase of forces stationed in Manchukuo. Equipment on land and in the air is also to be improved and supplies increased in Manchuria.

The Tokyo *Hochi* Aug. 31 commented that although tax increase, taxation readjustment and deficit-covering bond issue will be resorted to in order to compile the 1937 Budget containing rapidly increasing military expenditures, Premier Hirota and Finance Minister Baba are agreed in their views that while carrying out tax increase, they will endeavor to stick to the policy of gradually decreasing deficit-covering bond issues, at least not allowing an increase over the figure in the current Budget. War Minister Terauchi, on the contrary, has the strong view that the Government should adopt the policy of increasing bond issues. So long as the Government sticks to the policy of gradual reduction of bond issues, the strife between the Premier and Finance Minister on one side and War Minister Terauchi on the other is considered bound to become aggravated, the *Hochi* said.

Basic expenditures are roughly put at Yen 336,000,000 at home and Yen 163,000,000 in Manchuria. This applies mostly to the maintenance of existing units. "New demands" for use at home aggregate to about Yen 300,000,000 while those to be spent on Manchurian posts amount to roughly Yen 20,000,000.

Japanese Seditious Literature Control Law to Apply in Colonies

A *United Press* message from Tokyo Sept. 1 stated that the law for control of seditious literature, enacted to improve army discipline and as a means of curbing such movements as the one which brought the February 26 revolt, is to be applied to Japan's colonies as well as to Japan Proper. The Cabinet decided to make the law operative in Korea, Formosa, Karafuto, the Kwantung Leased Territory and the South Manchuria Railway zone.

It was reported that Prof. Shinkichi Minema, 64-year-old instructor at the Tokyo University of Commerce, was questioned by the censorship section of the secret service department of the police board. It was alleged that he distributed mimeographed copies of a letter written by the late Sub-Lieutenant Hachiro Hayashi, one of the officers executed for his part in the February incident. The case was referred to the procurators' office but Prof. Minema was not detained.

Dr. Baba Opposed to National Ownership of Power Industry

Dr. Eiichi Baba, Finance Minister, has gone on record as opposing the nationalization of the electric power industry, advocated by the Minseito, the largest political party. "I am against the complete nationalization of the industry because of the increase it would cause in the national debt," Dr. Baba declared.

The Tokyo *Kokumin* Aug. 24 commented:—"Premier Hirota and Finance Minister Baba as a result of their talk have decided to adopt Communications Minister Tanomogi's electric power nationalization plan as an electric power control plan, but their cool attitude toward the original power nationalization plan is calculated to render the position of the Communications Minister all the more difficult politically."

Life Insurance Companies Opposed to Electric Power Nationalization

Despite the adamant attitude of the Communications Ministry, the chances for the realization of the electric power nationalization scheme have grown extremely slender, the Tokyo *Yomiuri* stated Aug. 29. Moreover life insurance companies, which are greatly interested in the electric power companies through their debenture and stock holdings, have decided to set in motion a movement of some sort in opposition to the Communication Ministry proposal.

Japanese Shipyards Busy—120 Vessels Built or Building

With 120 vessels, aggregating to 769,100 tons, ordered or on the stocks, Japanese shipyards looked forward to period of prosperity. According to a check-up, nine vessels, totalling 83,000 tons, were ordered in the period of Aug. 15 to Aug. 30.

State Ministers Watch Exercises of Combined Fleet

Seven ministers of state are attending the naval tactical exercises this week by units of the Combined Fleet, anchored off Tateyama in Tokyo Bay, as the guests of Admiral Sankichi Takahashi, commander-in-chief.

South Sea Development Co. to Start Operations Next Year

The South Seas Development Company, capitalized at Yen 20,000,000, to form the principal organ for Japan's southward policy centering on the South Sea Mandated Islands, decided on its articles of corporation, aims of the organization, prospectus of enterprises, balance sheet, etc. at a plenary session of the establishment committee held on Aug. 29 at the official residence of the Overseas Minister in Tokyo. Of the capital of Yen 20,000,000, the share to be borne by the Government is made up of property, mainly the South Sea sulphur mines, including Yen 8,624,000 for sulphur mining concessions on the island of Angaur, buildings, machinery, shipping and all accessories to the mining concessions; Yen 1,922,000 for mining concessions on the island of Fais. The remaining Yen 9,454,000 will be raised by public subscription.

Governor of South Sea Mandated Islands to Be Changed

The Tokyo *Asahi* Aug. 30 stated that the next change on Overseas Minister Nagata's program following the shifts in the Korean and Formosan Governments-General is that of Hisao Hayashi, Governor of the South Sea Mandated Islands. The plan is to remedy the present system in view of the fact that the Governorship of the South Seas is regarded as the political dumping-place for super-annuated officials. For, in such a circumstance, no able man can be found to fill the increasingly important office. Thus the Official Salary Ordinance is to be revised in order to raise the salary of the Governor of the South Seas to the level of a Vice-Minister. The Overseas Minister is then to ask Mr. Hayashi to resign. The plan is expected to be realized some time during the middle of September.

Japanese Engineers Sail for Afghanistan

Two Japanese engineers sailed from Japan for Afghanistan last week. They are Yoshio Fujiyoshi and Minoru Kaminohsi, who are being "loaned" to the Afghan Government by the Ministry of Home Affairs. They will supervise river conservancy projects, road building and the construction of water plants and bridges.

Anglo-Japanese Firm to Work Australian Iron Deposits

Negotiations, under way for the last 18 months, aiming at the conclusion of an agreement for the creation of an Anglo-Japanese company to work iron ore deposits on Yampi Sound, Northwestern Australia, are expected to be successfully terminated shortly. The formation of an Anglo-Japanese company, financed jointly by the Japan Mining Co. and the Brassert Co., is provided in the agreement. The new firm will in turn advance about Yen 6,000,000 to an Australian firm which will operate as a subsidiary of Brassert & Co. in exploiting the Yampi Sound deposits. Brasserts have acquired leases valued at £35,000 in that district.

Barter Trade with Brazil Beset with Difficulties

Recently Brazil placed orders with Japan through the Japanese Embassy at Rio de Janeiro for Yen 5,000,000 worth of railway and shipping materials on the barter basis, in exchange for Brazilian products.

Thus the Overseas Ministry has been notified through the Foreign Office of the Brazilian offer to purchase railway materials needed for repairing and extending the 500-kilometre railway line from Bahia to Rio Janeiro and shipping materials at low prices. The *Tokyo Hochi* notes, however, that difficulty, lies in the fact that the Brazilians desire to pay for the materials in raw cotton, wool, tobacco leaf, castor oil, coffee, etc.

Cerebral Meningitis Epidemic in Tokyo Shows Mortality Rate of 36 Percent

Thirty-six cases of cerebral meningitis occurred in four days (Aug. 27-31) in Tokyo. The mortality rate is 36 percent, according to health officers.

Nanking Mandate Reminds Nation of Conscription Law

In a mandate issued at Nanking Sept. 8, the National Government reminded the nation of the promulgation of the Conscription Law on March 1 this year and exhorted the people to pledge their support to the enforcement of the statute. Those who are to be conscripted, says the edict, should enlist as soon as possible in order to defend their country. The mandate explains that because of the vastness of China the standing army is insufficient in the event of emergencies. It is therefore impertative that military training should be given to civilians and that the military system be reformed so that national defence could be strengthened. Reminding the people that conscription system has been universally adopted, the order asserts that China should immediately follow the same course for the sake of reinforcing her national strength.

Brandstatter, Alleged Accomplice of Maria Wen, Commits Suicide on New York-Bound Steamer

The Federal Grand Jury in Los Angeles, Sept. 3 returned an indictment against Loffelholz Brandstatter on charges of plotting to smuggle narcotics valued at $100,000 into the United States. Brandstatter was recently linked to the case of Maria Wen, former Shanghai Chinese woman, who is detained for attempting to bring $50,000 worth of heroin into the country. Brandstatter was in Cuba when the California indictment was brought. Deported from Havana, he was put on board the s.s. *Oriente* for New York. As the ship neared the American metropolis, Brandstatter committed suicide by hanging himself.

Who's Who in China

Tsouton Shen, diplomatic official; born at Foochow, Fukien, 1902; received his advanced education in France; since return to China, he has successively served as section chief in the Office of the Commissioner for Foreign Affairs at Mukden; Secretary in the Headquarters of the Commander-in-Chief of Northeastern Border Defence; Counsellor to the Provisional Headquarters of the Vice-Commander-in-Chief of the National Army, Navy and Air Force and concurrently vice-director of the General Affairs Department of the Headquarters; Director of the General Affairs Department of the Peiping Pacification Headquarters; Director of the Department of Foreign Affairs of the Peiping Branch of the Military Affairs Commission; Senior Secretary in the Provisional Headquarters of the President of the Military Affairs Commission at Wuchang; accompanied General Chang Hsueh-liang in his tour to Europe in 1933; he is now Counsellor of the Chinese Embassy at Rome; decorated by the French, Spanish, Italian and Belgian Governments; address: Chinese Embassy, Rome, Italy.

沈 祖 同

Tsouton Shen (Shen Tsu-tung)

沈祖同，年卅四歲，福建福州人，早歲留學法國，返國後，歷充外交部奉天交涉署科長，東北邊防軍司令長官公署祕書，陸海空軍副司令行營參事兼總務處副處長，北平綏靖公署總務處處長。軍事委員會北平分會外交處長，武昌行營高級祕書，張副司令學良遊歷歐洲，隨同出國，在華北辦理外交甚久，歷得法國，義大利，比利時，西班牙各國勳章，現充駐義大利大使館參事。

Former Minister to Mexico Elected Fourth Executive Director of "Domei"

Yoshitaka Hori, former Japanese Minister to Mexico, was elected Sept. 2 an executive director by the board of directors of the *Domei News Agency*. He is the fourth to hold that rank, others being Toshiyukai Hatakeyama, Sekizo Uyeda and Inosuke Furuno. Yukichi Iwanaga, managing director, was elected president of the organization simultaneously with the abolition of his present post. Mr. Iwanaga served as managing director, first of an information bureau bearing his own name; then of the *Kokusai News Agency*; then again of the *Rengo News Agency* and finally of *Domei*. *Rengo* was dissolved on Dec. 31 last year to be incorporated into *Domei*, which, on June 1, absorbed the *Nippon Dempo News Agency*, the only other major news service in Japan.

An editorial in *The Review* Aug. 22 called attention to the fact that the *Rengo-Nippo Dempo* merger marked the end of independent journalism in Japan.

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In the United States Court for China

CARL HENRY SCHNEIDER, Plaintiff, vs. NANNY M. SCHNEIDER, Defendant.	Cause No. 4107 Civil No. 1986 ORDER OF PUBLICATION Filed at Shanghai, China, September 3, 1936. William T. Collins, Clerk By Deputy Clerk

The object of this suit is an action for divorce

WHEREAS, plaintiff herein, by his attorneys, has this 3rd day of September, 1936, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 3rd day of September, 1936, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 3rd day of September, 1936, the plaintiff herein filed an affidavit to the effect that the defendant does not now reside in China nor never has she resided therein, and that defendant's last known address was 480 Park Avenue, in the city of New York, U.S.A.

NOW, THEREFORE, it is this 3rd day of September, 1936, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the CHINA WEEKLY REVIEW, SHANGHAI, CHINA, a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 26th day of September, 1936, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT:
Dated at Shanghai, China,
this 3rd day of September, 1936.

MILTON J. HELMICK
Judge.

Men and Events

Mahatma Gandhi is suffering from malaria, a recent message from India stated. He will attain his 67th birthday Oct. 2.

The Central Authorities at Nanking Sept. 2 decided to remit $10,000 for the promotion of anti-plague work in Fukien province.

Fan Han-sheng, Chinese Consul-General in Seoul, who has been furloughing in China, sailed from Shanghai for Korea Sept. 7.

Miss Louise Shoup, whose home is in California, arrived in Nanking last week where she will join the faculty of Ginling College.

Sun Fo, President of the Legislative Yuan, arrived in Shanghai from Nanking Sept. 5, and remained here for several days before returning to the capital.

The Honan-Shensi Inter-Provincial Long-distance Telephone Service will be ready for traffic by the middle of this month, a telegram from Sian Sept. 6 stated.

Tang Shou-yi, veteran Kuomintang stateman, accompanied by his family, arrived in Shanghai from Kuling Sept. 3. He will remain in Shanghai for the time being.

Returning from Europe via Siberia, William Z. L. Sung, leader of the Chinese Athletic Delegation to the recent World Olympiad at Berlin, arrived back in Shanghai Sept. 5.

The World Youth Peace Conference, which held its general session at Geneva Sept. 7, was attended by a Chinese delegation composed of 30 students from various European universities.

The new building of the National Medical College of Shanghai will be ready for occupancy on September 15, according to information from Dr. F. C. Yen, General Secretary of the Shanghai Medical Center.

Kuomin states that the German Far Eastern Cultural Association will despatch four German students to National Tsinghua University for research work this year. The four students are due to arrive in Peiping early in October.

The action brought against Grant Mark, former Shanghai financier, by the law firm of Rodger & Co. has been settled out of court, the *China Press* states. Mr. Mark was being sued for $13,000 for attorney's fees, plus interest at 8 per cent.

The determination of the Government to eliminate the gambling evil in Kwangtung was expressed by Tseng Yang-fu, Mayor of Canton, in the course of an address at the weekly memorial service at the Sun Yat-sen Memorial Hall in Canton Sept. 8.

Dr. Winston W. Yung, Assistant in Public Health in the Peiping Union Medical Hospital, sailed from Shanghai this week for the United States for a year's leave. Whilst in the United States he will spend most of his time in Baltimore, Md., at Johns Hopkins University doing work in public health.

Paul Jernigan Jr., the son of Mr. and Mrs. Paul Jernigan of Socony-Vacuum Corporation, departed from Kobe, Japan, last week for the United States to resume his studies at the University of North Carolina, Chapel Hill, North Carolina. The young man had spent his summer vacation with his parents in Peiping.

The British Cruiser *Danae* sailed for China from London, Sept. 3 relieving H. M. S. *Kent*, which leaves for home for large repairs. The 1st Kumano Rifles will leave Calcutta for Hongkong on Nov. 5 and arrive in the Colony on Nov. 24, relieving the Punjabis, who will leave Hongkong on Dec. 19 for Lucknow.

Norwood F. Allman, James B. Davies and Paul F. de Bruyn Kops, members of the American Bar in Shanghai, announce the formation of a partnership for the general practice of law, including trademark work, succeeding Allman and Co. The office of Allman, Davies and Kops is located in the Hamilton House.

Felthan Watson, U. S. District Attorney for China, sailed by the *President Coolidge* this week on a three months' vacation trip to the United States. He will spend most of his vacation in his home town, St. Louis, Missouri, but also plans a brief stay in Washington where he will report to the Department of Justice.

The Tsinan Analects, official organ of the Tientsin Rotary Club lists the following officers for 1936-37:—President, J. J. Heerin; Vice-President, H. L. Chang; Secretary, H. P. Lair; Treasurer, C. C. Chen; Sergeant-at-arms, Y. W. Frank. Directors:—J. J. Heeren, H. L. Chang, H. P. Lair, H. R. Williamson, C. C. Chen, and S. T. Liu.

Measures for the readjustment of the financial and currency system in Kwangsi are now being worked out by the Ministry of Finance. These measures will be enforced as soon as Generals Li Tsung-jen and Pai Chung-hsi asume their new posts as Pacification Commissioner for Kwangsi and Member of the Military Affairs Commission respectively.

With the spread of civil war in Spain, all Chinese resident, in Spain have been ordered by the Chinese Legation in Madrid to concentrate in the Spanish capital and other places of safety the Waichiaopu revealed in Nanking Sept. 4. There are about 90 Chinese scattered in all parts of Spain, but the majority of them are already in Madrid.

A long-distance bus on the Loyang-Linyu Highway was fired upon by a gang of bandits who lay in ambush at a point north from the Loyang Pass in an attempt to hold up the vehicle Sept. 2. The bus escaped without suffering any damage as one of its passengers, a brigade commander, returned fire and repulsed the bandits. None of the passengers was wounded.

After serving as president of the Yokohama Specie Bank, for 14 years, Kenji Kodama retired to private life on Sept. 10. Simultaneously, Mr. Kodama severed his connections with the Japanese Economic Federation, of which he was a director; the Sino-Japanese Business Association, of which he was the head, and with the official Tariff Commission of which he was a member. He is be succeeded by Toshikata Ohkubo, vice-president.

Jack Chen, younger son of Eugene Chen, who recently arrived in Shanghai accompanied his brother, Percy Chen, to Nanking end of last week, where they were received by Dr. Sun Fo and Dr. H. H. Kung. Jack Chen also visited the Commission for Overseas Affairs and discussed the question of cultural relations between the Soviet Union and China with the officials of the Sino-Soviet Society for Cultural Relations. He will reside in Shanghai for a month and then proceed to other cities.

The new building in Nanking for the National Institute of Drama and Music and for the Fine Arts Exhibition—which will be used as the auditorium for the holding of the National People's Congress on Nov. 12—will be completed by the end of October. Dr. H. H. Kung, Vice-President of the Executive Yuan and concurrently Minister of Finance, inspected the construction work this week in company of Dr. Chu Min-i, Vice-Director of the General Office for the Election of Delegates to the National People's Congress.

Baron J. Guillaume, retiring Belgian Minister to China, sailed from Shanghai Sept. 10 by the s.s. *Tjibadak* enroute to Belgium. After a short visit to Nanking on Sept. 7 to make his formal farewell to National Government officials he returned to Shanghai Sept. 8. The departing Belgian diplomat was honored by Mayor Wu Te-chen of Greater Shanghai at a farewell dinner party at the latter's private residence. Baron Guillaume gave a tea reception to leaders of various local Chinese and foreign circles Sept. 9 at the local Belgian Consulate-General.

Victor Neher, of the California Institute of Technology, passed through Shanghai this week on the s.s. *President Van Buren*, enroute to Madras, India. At that point he will assemble light field equipment and send up observation balloons in an effort to gain more data on the cosmic ray, an investigation into which is the motivation for his present trip. The cosmic ray has lured Dr. Neher and his associates to many parts of the world. Last year he traveled to Manila to make airplane observations over the islands. Previously he operated his paraphernalia in Canada and Peru, and last spring was on a field trip through Texas with Dr. Millikan.

The death occurred in Los Angeles, early this week of Major E. P. Howard, representative for the Douglas Aircraft Company. Accompanied by his wife and infant son, Mr. Howard left Shanghai on June 28 for a holiday in the United States. He had planned to remain away for several months before coming back to Shanghai to resume his duties as head of one of the largest aircraft companies in China. Major Howard first came to the Far East in 1930, serving in the office of the United States Department of Commerce in Shanghai as a special trade commissioner for aeronautics.

Twelve Indians were sentenced to 12 months imprisonment with hard labor at the British Police Court in Shanghai Aug. 31 in connection with an affray in Miller Road on July 12. Magistrate Haines also made an order for their deportation at the end of this period. The facts, as summarized by the Magistrate were that, there was a meeting in the Gurdwara (Sikh church) after which 40 men, armed with sticks, iron piping, and other similar weapons, entered two Marden 'buses and proceeded to Tiendong and Miller Road, and the other down Tiendong Road, towards Seward Road. Police whistles were heard soon after, and the police arrived in Miller Road to find Munda Singh, Kunda Singh, and Santa Singh lying injured in the road. They also found a number of sticks and blood spots.

An attempt on the part of the Public Works Department of the Shanghai Foreign Municipality to demolish an unauthorized addition to a straw hut on Chaoyang road, on the outskirts of Shanghai, led to a riot of in which nine foreigners were hurt on Sept. 3. The outraged hut dwellers, including many women, hundreds strong, in addition to other means of defense, threw buckets of ordure on the Municipal employees and police when they attempted to proceed with the demolition. Sub-Inspector Turner was taken to hospital with a cut face. Only a compratively few arrests were made. Thousands of poor Chinese live in straw huts on the fringes of the Settlement along various creeks and the Foreign Municipality has at various times taken steps to drive away these wretched people and to destroy their only homes, but so far with little success. The introduction of a Municipal measures providing cheap premises for those who live on the border line of subsistence would seem to be the only means of avoiding incidents of this sort.

L. D. Seymour, partner in the firm of Dodge and Seymour of New York, who has been traveling in China on an extensive business trip calling on the firm's branch offices, departed from Shanghai this week for South China and Manila, following which he plans to proceed to Europe by way of India.

The strike of the workers of the third factory of the British-American Tobacco Company in Shanghai has not yet been settled, despite the efforts of the Chinese authorities to persuade the workers to return to work. Representatives of the Shanghai Labor Federation called on Mayor Wu Teh-chen Sept. 7 in connection with the strike, the *Shun Pao* stated.

The question concerning the reduction of cablegram rates between Siam and Shanghai via Hongkong is under the consideration of the Ministry of Communications. The proposal for reducing the cablegram rates to a minimum by both China and Siam was advanced by the Siamese Government to Dr. Lin Ping, Counsellor to the Waichiaopu, during his recent trip to Siam as the head of the Chinese investigation party.

Owing to slight indisposition, Dr. H. H. Kung, Minister of Finance, who was scheduled to proceed to Nanking from Shanghai on the morning of Sept. 8 postponed his departure for a day. Dr. Kung, it is understood, will proceed to Canton from Shanghai by air on Sept. 14 to supervise the rehabilitation of Kwangsi's finances.

To facilitate research on various League of Nations problems, the Ministry of Foreign Affairs has decided to appoint a number of experts to the office of the Chinese Delegation to the League. A set of provisional regulations governing the appointment of these experts has been promulgated by the Waichiaopu. The fields of research, it is stated, will include Law, Economics, Military Affairs, Communications, Public Health, and Labor.

John J. Pasztor of Hollywood has written friends in Shanghai that the film "Good Earth," based on Pearl Buck's book of similar title is back on the stage again for "retakes and a new ending." Gen. Tu, the Nanking representative who was sent to Hollywood to supervise the production of the picture, is returning to China, having completed his work. In addition to "Good Earth" two other pictures with China backgrounds are also being filmed at present, "The General Dies at Dawn" and "Lost Horizon."

It was announced this week that J. E. Swan has withdrawn as from Sept. 1 from the partnership of Swan, Culbertson and Fritz for the purpose of forming the New York Stock Exchange firm of J. E. Swan & Co. The formation of J. E. Swan & Co. made it necessary for Mr. Swan to retire from Swan, Culbertson & Fritz because of the fact that the rules of the New York Stock Exchange prohibit a partner in any member firm from belonging to any other partnership. The partnership of Swan, Culbertson & Fritz will otherwise remain unchanged.

A *Reuter* messgae from Hongkong Sept. 7 stated that Madame Chiang Kai-shek, who was making a brief stay in the Colony, had tea at Government House with the Governor, Sir Andrew Caldecott, and Lady Caldecott, the affair being entirely informal. Madame Chiang was scheduled to leave for Canton shortly afterwards but the hope was expressed that she might soon be able to return to the Colony with her husband, before the Generalissimo leaves for Nanking, as it is felt there that a new era of co-operation between Hongkong and South China might be foreshadowed due to the establishment of peace in the South-west and the inclusion of the southern provinces in the domain of the Central Government.

Moscow Denies Report of Withdrawal of Military Attache

Quoting "usually well-informed Chinese circles," the Shanghai *Nichi Nichi* Sept. 7 stated that the Soviet Military Attache of the Embassy of the U.S.S.R. in China, Mr. Lepin, had been recalled to Moscow. The recall was believed to be due to suspicion on the part of the Soviet Government that the official had been in contact with Leon Trotsky, exiled Bolshevik leader, or that he is an adherent of the Zinoviev-Kamenev political grouping. The military attache is known as an active supoprter of the policy of Gen. Bluecher (Galen), commander of the Soviet Army in the Far East, whose motto is "a quick and early war with Japan." Mr. Bogomolov denied the Japanese report on Wednesday of this week, stating it was entirely without foundation.

France to Finance Construction of Chungking-Chengtu Railway

A *Domei* message from Tokyo Sept. 7 stated that an agreement has been concluded between the Ministry of Railways of the Nanking Government, the China Construction Company, and the Szechwan Provincial Government, on the one hand, and the French bank, according to which the latter will advance a sum of $30,000,000 for the construction of the railway between Chungking and Chengtu. Since June of this year, a French engineer named Fontaine and a French financial adviser have been in Szechwan carrying out investigations. The purpose of French intervention in the development of Szechuan, it is stated, is to link up that province with French Indo-China by new of Yunnan.

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New Books of Interest in the Far East

Dr. D. L. Phelps Describes Mt. Omei, Szechuen's Famous Mountain

Mt. Omei, a new edition of the Omei Illustrated Guide Book, by Huang Shou-fu and T'an Ching-yo, with an English translation by Dryden Linsley Phelps, Ph.D., F.R.G.S. West China Union University, Harvard-Yenching Institute Series, Chengtu, Szechuen, 1936. 460 pages. Illustrated with Chinese line drawings.

Dr. Phelps, a professor in the West China Union University at Chengtu, has made a unique contribution to our knowledge of Szechuen's famous mountain, Omei. The Chinese text, with its original foreword written in 1888 by Huang Hsi-tao, Tao-tai of the Chien Ch'ang Prefecture, is given, together with several introductory statements of present date by Chinese. All these, with the entire text of the book, are given both in Chinese and English, making a large Chinese-style volume of double-page, thin paper.

Dr. Phelps has also written his own prefatory statement, in which he voices his love for Szechuen mountains. "What a paradise to the lover of heights is Szechuen! Most of the western half of the province seems to stand on end! What can equal the majesty of Omei's gigantic brow? Who has not felt the other-world sublimity of the Minya-kunga and her sister snows, when dawn touches these glamorous cones of ice? . . . It was not long before Mount Omei began to cast her spell over me, as she has done to countless travellers down through the centuries. Joining the pilgrims, I ascended her heights and entered her sanctuaries within the Sandalwood Forest, beholding her 'original countenance' in winter snow and summer verdure, by dawn's brilliance and moonlight's silver magic."

The original book seems to have been the thoughtful work of several collaborators. The artist has done sixty-four sketches and as the blocks for printing these were destroyed, the illustrations have all been re-drawn by Yu Tzu-tan. They add greatly to the interest of the volume.

Preceding the main portion of the text there is what the author calls a supplement, consisting of thirty-six miscellaneous poems about the scenery of Mt. Omei. The preface to this was written by the artist and we quote it in entirety as it gives us a pleasing hint as to the nature both of the artist and his labors. It is addressed to the official who wished the book compiled.

"During the summer of *ping hsu* (12th year of Kuang Hsu: A.D. 1886) I, Chung-yo, went to Kiachow on matters of public concern, and was appointed by official order to make complete drawings of Mount Omei. Because you, as the official of Kiating, had received an imperial command to bring about the official sacrifices to the mountain, and to present pictures to the Court, I, Chung-yo, although not really gifted, yet because of my official duty, could not decline. So, taking my brush along in its bag, I went, combing my hair with the wind and washing my head with the rain, let down by ropes through dangerous places, and penetrating secluded spots. On one occasion I met a large python the size of a peck measure. He was over a hundred feet long. Several times I met with tigers, who did me no harm. Although my body toiled, my heart was free from worry. I suspected that the spirits were with me. Half a year went by, and the pictures were finished. Of all the glorious views and spots I passed, even to streams and fountains and stones, not one was omitted. Such was the trifling service of your humble servant,—a mere drop of water and a grain of dust.

"The pictures include a General View of Mount Omei and fifth-three scrolls of various scenes. Chung-yo also selected ten of the best views and made ten further scrolls, bringing the total to sixty-four. Whenever I received inspiration I added quatrains, thirty-six stanzas in all, to go with the pictures. I did not consider my own lack of literary ability, but merely wished to describe the facts."

A few of these poems follow—

IV—Leaving the city's outskirts, one gradually begins the ascent;
Obliquely facing the Tiger Brook, the portals of a monastery hide.
The reverberations of the clear temple gong tremble in the empty green;
Having reached this spot, one lays all earthly cares aside.

VI—Over the Bridges of the Cool Wind roll the misty vapors;
There the mountain pathway climbs the first hill.
Throughout long ages many are there who might hav won release.
Where turn and curl the wisps of azure-colored cloud.

XIX—Trails wind about the terraced cliff; trees clasp the mountain mists;
Boldly a rugged path climbs to the Shrine Resting upon the Clouds.
One stroke of the matin bell and the winged sound flies hither.
How I long to lose myself in the mysteries of contemplation!

XXIII—Beyond the distant mountains drops the sun, and the smoky mists of evening darken into dusk.
From ten thousand chasms and a thousand cliffs the Holy Lamps leap out;
Truly these are manifestations of the Supreme Light's pristine colors—
Shadows, layer on layer, of the Lotus World.

The main part of the book is taken up by the large pictures (drawings in pure Chinese style), each of which fills the two pages of the opened book, the descriptive text following each picture with its Chinese characters printed in the upper half of each page. The following is a sample of the content and style of the descriptions. "From the Lao Seng Shu one passes several hills. The trail is now comparatively level. On the left one comes to the Yu Hsien Ssu, Tryst with the Immortals Monastery. Going across, one sees the backbone of the mountain ridge, round like a pearl, planted in the clouds. It stands like a piece of jade, with the soft and delicate aspect of the hibiscus, its pollen dropping down, and the graceful stamens and folding petals naturally spread out and interwoven. Amid all this lies the convent called the Lien Hua She, Lotus Altar. This altar, surrounded by several secluded rooms, formerly stood on a hill-top. These rooms were gorgeously construced. But, saving its name, all have vanished away. . . . One passes through and walks on for about a *li* to a spot where disordered hills rise vertically. It is like coming to the very edge of despair. Further progress is impossible. Therefore, sidling along, one advances some paces, and then ascending on a risky tooth-like stone staircase, one seems to be climbing up to heaven. It is commonly said that when one arrives here one is compelled to proceed like a pigeon cleaving the sky. It seems indeed to be so."

Throughout the book there is frequent mention of the Tu Kuang, or Buddha's Glory, a peculiar natural phenomenon, seen from the platform immediately behind the Golden Hall at the very summit. This manifestation, similar in nature to that in the Austrian Alps known as the Spectre of Brocken, is caused by the appearance of one's shadow thrown late in the day by the declining sun out from the cliff forming the mountain's summit and appearing below upon a mass of clouds laying beneath the precipice. One's head is surrounded by a nimbus which apparently partakes of the nature of a rainbow. Pilgrims to the mountain greatly desire to see this halo and it is said to be vouchsafed only to the worthy.

On our first visit to Omei we reached the Golden Summit late in the afternoon and were hustled at once to the Tu Kuang Tai (Buddha's Glory Lookout) by our attendants. Here we immediately saw the "Glory" and could sense that this happening gave us prestige in the eyes of the priests. We remained some days on the summit but light and clouds were never again just right to grant us a second view of this phenomenon. Later, when we re-visited Omei's summit we were remembered because of the fact that on arrival another year we had seen the Glory at once.

Below the cliff from this same spot, after darkness has fallen, moving lights may be seen below the cliff. No one lives in these isolated spots and whether these lights are forms of electric manifestation or from pockets of decaying vegetation has never been ascertained. Of Buddha's Glory and these mystic lights, seen so many ages by countless myriads of pilgrims, the artist of the volume has written as follows—

"All these (wonders by the way) are as nothing compared to the precipitous cliffs of the Chin Ting (Golden Summit) and the Tsu Tien (Hall of the Patriarch), where the cloud oceans gather, morning and evening, and the vapors suddenly collect and scatter. Every day at two o'clock in the afternoon an embroidered fabric of clouds forms below the precipice. A sphere of light appears, on the edge of which are five colors, in seven layers. In the centre, the mists form the "Fu Kuang" (Buddha's Glory) like a mirror. Whoever beholds it gazes upon his own figure, as it were, his second self. If the illumination is far away, it resembles a water basin, and the light has vapors like a rainbow criss-crossing for several *li*, with purple clouds sustaining it at the two ends, like a golden bridge. It is indeed a magnificent panorama!

At dusk, luminous lanterns like dots of phosphorus float and fill the chasm below the precipice. They are called "Myriad Holy Lanterns doing obeisance to P'u-hsien." This is beyond the stretch of imagination! It is indeed the Abode of the Blessed! I spent half a year rambling and climbing, searching for dangerous spots and hidden mysteries. Spiritual imagination supplemented bodily contact."

After the purely descriptive portion of the book a third section presents sketches and short poems relating to special places and scenes. The whole book is full of the unusual. Those who enjoy things Chinese will be fascinated by its appreciation of nature and its savor of past mysteries and legends.

To bring things down to the common-place present, we we can only hope that Dr. Phelps or some other member of the West China Border Research Society will produce a small English guide-book of Omei which could be used by tourists. Dr. Fitch has written about Hangchow and Poo-too and some such publication would help many to understand the beauties of Omei. Situated as it is in semi-tropic latitude and with the most luxuriant vegetation, beautiful cliffs, and fine views, including the magnificent panorama of the snow peaks at the eastern end of the Himalayas, Omei will attract more visitors as time passes. Now that transportation to Szechuen is so easy both by steam and air many should avail themselves of the opportunity to go to this remarkable peak.

We congratulate the Jih Hsing Yin Shua Kung Yeh She, Chengtu, for producing such a volume in clear type and such pleasing form.

Peiping, 31 August, 1936. G.B.S.

A Readable Book on Forbidden Tibet

Through Forbidden Tibet, An Adventure into the Unknown, by Harrison Forman. Jarrolds, London, 18/—net.

On account of its isolation and inaccessibility, cut off as it is by the world's highest mountain peaks, and its traditional inhospitality to the stranger within its gates, Tibet has remained perhaps the last truly mysterious country on earth and anything written on it is bound to have interest. Here is an exciting tale of a journey made alone from the Chinese Province of Kansu into Tibet. Whatever one thinks of the veracity of the author, it cannot be denied that the people who move through the pages of his book are vivid and alive, some of them unforgettable; that the incidents related are graphically portrayed. The book is very readable.

Upon the death of his intended companions, murdered by Chinese bandits, the author, nothing daunted, starts his trip from Lanchow in Kansu into the highlands of Tibet. From the first, it seems, luck is with him. On the road he meets a group of Tibetan traders returning to their homeland, among whom is lovable Old Sherap, a Nukhwa or medicine man. As the lamas are priests of Buddhism, so can the Nukhwas be considered as priests of the occult—of the surviving remants of animism and devil worship. Old Sherap, "the Wise One," becomes the author's mentor, philosopher and friend.

With his entrance into Lhabrang Gomba, a city roofed with gold, the author's real adventures start. There are the weird devil dances of Milarepa. These devil dances, so-called, are nothing more than allegorical dance-dramas, something in the nature of the morality plays, mysteries and miracle plays of the Christian Church of the Middle Ages, of which the Passion Play at Oberammergau is a survival. A few wisely chosen gifts—a flashlamp and a luminous dialled watch—open the doors to Alakh Jamv Japa, Boy God, and temporal and spiritual head of the country surrounding Lhabrang. This friendship proves exceedingly valuable to the author, as does that of the Living God's grim-visaged father, Yabzamb—it is the open sesame to the Tibetan powers-that-be. An expedition led by Ahpa Ahlo, brother of the Living God and his Minister of War, is organized against certain rebel mountain tribes, and the author is asked to join this strange group of warriors, armed with swords, thirty-foot lances and an occasional rifle. But the expedition is postponed and there is a hunt for blue sheep, or Ovis Poli, which is sufficiently exciting to take the edge off the author's disappointment in regard to the expedition, as does the colorful ceremony of replenishing the mountain god's quiver, a relict of pre-Buddhistic paganism. Each year the mountain god, presumably resident on the highest peak in the surrounding country, has a new quiver of arrows made for him, in order that he may protect himself against the assaults of other mountain gods.

Learning of the existence of a woman Living Buddha, the author cannot believe it. Under Buddhism women are considered spiritually inferior, and, no doubt, through some freak of fate this woman, then an infant, was selected, only to have her sex discovered after the ceremonies were over. Naturally, he must find her, if possible—and he does. His experiences with the lady make fantastic reading, and although he vouches for their authenticity, they are quite unbelievable.

The road back to Lhabrang is rendered difficult for Mr. Forman and his three Tibetan companions—his "Three Musketeers," as he calls them. A charming young woman decides to adopt all four as her husbands, no formal ceremony being required. To the lady's discomforture, no doubt, they decamped somewhat hurriedly, leaving her in a nunnery.

On his return to Lhabrang, the author finds that Ah Zee, robber queen of the Ngoloks, fiercest bandit tribesmen in Tibet, is visiting that city, on account of the coming performance of the Black Hat devil dances. Within her territories, there is reported

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to be a mountain higher than Everest. Mr. Forman decides to make an attempt to reach this Mt. Amnyi Machin, but the early advent of winter frustrates his plans before he is able to go very far. Therefore, he accepts a journey with Old Sherap to visit another unique Living God, "the God who fell in love". Lamas are supposed to be celibate though some laxity is permitted to the lower orders, but a Living God must be particularly circumspect. This Living God asserted his right to a wife and even to a harem and perforce his lamas had to accept the situation. The author finds him a mild man and finds it quite impossible to imagine him as a rebel against the dictates of lamaism. The real purpose of the journey with Old Sherap, however, is to attend a council of the Nukhwas. Reaching the appointed place, Mr. Forman disguises himself as one of them and enters into their rites—the calling forth of the denizens of Hell.

In general, Mr. Forman's tale of his adventures in Tibet is highly interesting. He vividly portrays the essential characteristics of the people—their devotion to religion almost with every breath they draw—their fierce love of fighting—their innate humor and good nature. Certain highlights stand out, among them the strange burial customs whereby the dead are left to the vultures. Here women carry entire fortunes in their hair and temples are roofed with gold. It may not all be true, but it is certain that Tibet exercises a fascination, which may perhaps be out of all proportion to actuality.

D. D.

First Canton-Hankow Through Train Makes Trip in 44 Hours

Writing a new chapter in the history of internal overland communications in China, the first through train on the Canton-Hankow Railway arrived at the Hsuchiapeng station, Wuchang, at 8.30 p.m. Sept. 4. Leaving Canton at 11.40 p.m. Tuesday, the train covered the entire route of over 1,000 kilometers in 44 and-a-half hours—rather slow time, due to handicaps as ordinarily incidental to initial runs.

INCOME TAX LAW IN CHINA

(*Continued from page 43*)

tax, simpler than the composite tax and is most suited to highly developed communities which are willing definitely to accept income as the best test of personal ability.

Which Type Suits China?

Specific conditions in China today demand a very careful approach to the choice of her Income Tax system. It seems highly desirable that its initiation should be on the simplest lines, and that the Laws specifying the latter should be as explicit and clear as possible. The need for careful consideration of this and other points is imperative.

In the light of this knowledge the general considerations with regard to the advantages of each of the discussed three types of income taxes are to be left aside. China should adopt not only the simplest system of taxation but that which would suits best her specific political and economic status. Unless this be done, there is every danger of her being led away from the right direction by the enthusiastic intentions of modernizing China by any means possible and in every respect.

No suggestion as to the choice of the Income Tax system is to be given here, as a foreigner could in no way be considered authoritive. But one point might be stressed, that is the vast contrasts among the classes of the present Chinese society with regard to their income possibilities. In order to facilitate the task of ascertaining the latter the adoption of the presumptive system would seem beneficial as it assumes that the income of a person can be roughly inferred from his expenditure which, of course, is a much easier subject, for definition.

Competent Machinery Needed

The establishment of an approved and competent machinery for assessment and collection of the Income Taxes is an essential necessity. As lately announced, two hundred and fifty candidates have been subjected to the competitive examination of men to be trained as income tax collectors at the University of Nanking under the auspices of the Central Preparatory Office for Direct Taxation of the Ministry of Finance.

Though the formation of a trained and adequately paid body of collectors presents is one of the requisite conditions for the smooth collection of the tax, the success of the introduction of the system of direct taxation into China will depend largely, apart from the points already mentioned, upon the difference between the operations of a newly established body of officers and old methods of illicit taxation.

Enforcement Regulations Expected

Regulations governing the enforcement of the Income Tax Law are being drafted at present by the Central Direct Tax Organizing Bureau of the Ministry of Finance. Their promulgation will synchronize with putting the new Law into operation. No official communications to this effect have lately been made.

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The National City Bank of New York, Rates of Exchange

Shanghai, Sept. 9, 1936

Demand selling rate on America:	U.S. $1.00=Sh. $ 3.33
Demand buying rate on America:	U.S. $1.00=Sh.. $ 3.29
Demand selling rate on London:	£1.0.0=Sh. $16.84
Demand buying rate on London:	£1.0.0=Sh. $16 62

Latest New York Stock Exchange Quotations

September 9, 1936

Stock Exchange— Business Done:-

Total Volume: 1,720,000 Shares

1936 High	1936 Low	Div. $ per sh.	STOCKS	Last Sale Sept. 5	Last Sale Sept. 8
13⅞	9⅝	0.20	Adams Express	13⅝	13⅝
127½	115¾	4.00	American Can	127	127
40¾	29¼	0.30	Amer. Cyanamid "B"	33⅜	32½
9¾	6½	—	American & For. Power	7⅛	7¼
43¼	29¾	—	American & Foreign Pwr. $7 pfd.	37	39
27⅝	18¾	—	American Radiator	22⅝	22½
178	149⅞	9.00	American Tel. & Tel.	177	178¼
103½	88½	5.00	American Tobacco "B"	101	101
27	19⅞	0.20	American Waterworks	26⅛	26
40¾	28	0.50	Anaconda Copper	39¼	40⅛
88	59	2.00	Atchison, T. & S. Fe	83½	84
54¼	26⅝	—	Auburn	31	31⅞
25¼	15⅞	—	Baltimore & Ohio	25¼	26¼
69¼	47⅝	—	Bethlehem Steel	69¼	70⅜
30½	16⅞	—	Boeing Airplane Co.,	29⅛	29⅝
16	10⅞	—	Canadian Pacific Railway	12	12⅛
186	92½	—	Case, J. I.	155⅓	159½
56¾	34	1.40	Chase National Bank	47	47¼
66	59	3.00	Chesapeake Corp.	80	82
69¾	51	2.80	Chesapeake & Ohio	67⅜	67½
124⅝	85½	7.25	Chrysler	115¾	116¾
23⅝	14	0.40	Columbia Gas & Electric	21⅛	21⅛
24⅝	14¼	0.50	Coml. Solvents	16¼	16¼
5½	2¼	—	Commonwealth & Southern (ord.)	3⅛	3⅛
44¼	27¼	2.00	Consolinated Edison	44	44⅛
15¼	11½	0.60	Consolidated Oil	12⅜	12⅝
38⅛	28⅛	1.00	Continental Oil	31	31¼
82½	64	3.00	Corn Products	67¾	67¾
79⅝	50⅝	—	Douglas Aircraft	73	72¾
167¾	133	3.60	Du Pont de Nemours	158⅝	163
27	15¾	—	Electric Bond & Share	23¼	23⅝
47⅝	31½	0.90	General Electric	47½	47¼
43¼	33⅝	1.80	General Foods	39	39⅜
72⅜	53⅞	2.00	General Motors	68	68⅝
50	32½	1.00	General Railway Signal	43½	43½
21⅝	12⅝	1.05	Gold Dust	14⅛	14
31⅞	21	—	Goodyear Tire & Rubber	25⅛	25⅝
76½	57	1.00	Humble Oil	65	66⅜
55⅞	43¼	1.35	International Nickel	55⅝	57⅜
19¼	12¼	—	International Tel. & Tel.	13	12⅝
48½	28¼	0.90	Kennecott	47¾	48⅝
59¼	43	2.00	Loew's Inc.	58¾	59¼
26½	21⅛	1.20	Lorillard	22⅞	23⅝
103	79	1.00	Monsanto Chemical	98⅝	99½
49	35⅜	0.60	Montgomery Ward	49⅝	49½
45¾	31	1.00	National City Bank	42	42¼
28	21	1.20	National Dairy Prods.	27¾	27⅝
33⅜	25⅝	2.00	National Distillers	30⅜	30½
14⅞	9⅝	0.60	National Power & Lt.	12	12⅛
45	27⅝	—	New York Central	45	45⅞
35½	23½	1.00	North American	33	33
41	30¾	1.50	Pacific Gas & Electric	38	38
58¾	47⅝	2.40	Pacific Lighting	53⅞	54
13	6⅞	0.25	Packard Motors	12⅝	13
39⅞	28¼	1.50	Pennsylvania Railroad	40	40¼
49⅝	36⅛	1.00	Phillips Petroleum	41⅞	42⅝
49¼	39	2.40	Public Serv. of N. J.	46⅝	46⅝
14¼	9⅜	—	Radio Corporation of Amer.	10⅞	11
58⅝	50	3.00	Reynolds Tobacco "B"	56½	57
52	37⅝	0.75	Schenley	47⅛	46⅜
86¾	59⅝	2.00	Sears Roebuck	86¾	88⅛
17	12½	0.60	Socony-Vacuum	13½	13⅞
32½	25	1.50	Southern California Edison	31⅝	31⅜
43⅜	23½	—	Southern Pacific	42⅝	44
18	14⅝	0.80	Standard Brands	15⅝	15⅝
9⅞	5¼	—	Standard Gas & Electric	8⅛	8⅛
70	51⅛	1.00	Standard Oil Co. of N. J.	62	63⅛
74	65	3.80	Sterling Products	72¼	72¼
38⅞	33	2.00	Texas Gulf Sulphur	37¾	38¼
14⅜	11	0.30	Transamerica	13¼	13½
99⅛	71⅝	3.00	Union Carbide & Carbon	98⅛	98⅝
169¾	168½	6.00	Union Pacific	138½	139
30⅝	20⅝	—	United Aircraft (New)	25⅝	25¼
21	13	—	United Airline Trans.	17¾	17
9¼	5¾	—	United Corporation	7⅞	7⅞
19½	14⅝	1.00	United Gas Improvement	16⅜	16½
59	31½	—	U.S. Indus. Alcohol	35½	35¼
35	16⅜	—	U. S Rubber	31	30⅝
72⅝	46⅜	—	U. S. Steel	71⅜	73⅛
27¼	16¼	—	Vanadium	23⅞	24¼
14⅝	9¼	—	Warner Bros. Pictures	13⅝	13½
145¼	94½	3.00	Westinghouse Electric	141¼	141¾

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